

NEWARK & SHERWOOD DISTRICT COUNCIL

Minutes of the meeting of the Mansfield & District Crematorium Joint Committee held at Newark and Sherwood District Council Offices, Great North Road, Newark on Friday, 15 December 2017 at 10am.

PRESENT:	Ashfield District Council	Councillor Mrs C. Butler Councillor T. Brown Councillor D. Davis
	Mansfield District Council	Executive Mayor Kate Allsop Councillor M. Barton Councillor A. Tristram
	Newark & Sherwood District Council	Councillor D.R. Payne Councillor Mrs L. Hurst

APOLOGIES FOR ABSENCE: None Submitted

1694. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

1695. DECLARATIONS OF INTENT TO RECORD THE MEETING

None

1696. MINUTES OF THE MEETING HELD ON 18 SEPTEMBER 2017

AGREED (unanimously) that the minutes of the meeting held on 18 September 2017 be approved and signed as a correct record by the Chairman.

1697. MATTERS ARISING

None

1698. REVENUE AND CAPITAL BUDGET 2018/2019 – 2020/2021

The Committee considered the proposed budgets for 2018/19 and 2019/20 and estimates for 2020/21. Following a detailed review of income and expenditure there had been some adjustments made to the budgets which were approved in principle for 2018/2019 and 2019/2020 by the Committee in December 2016, which were detailed in the report.

Following the presentation of the report Members asked a number of detailed questions of Officers in relation to the following matters.

Paragraph 3.7 – VAT Implications

The report set out that any significant expenditure incurred by the Crematorium on PPW or capital works could potentially impact on Mansfield District Council's (MDC) VAT liability and that the necessary cremator repairs, the cost of which was in the region of £750,000, would likely cause a breach in MDC's 5% partial exemption limit. This would also have an impact on all three constituent authorities.

In response to whether the likely breach in MDC's 5% partial exemption limit would be solely due to crematorium related expenditure, the Officer advised that it would be in relation to all VAT exempt income collected over the year.

Members queried whether the cost could be spread over two years if any purchase was made at year end. Officers advised that even if the purchase was split over two years the amount needed for the repair costs would be likely to cause the threshold to be breached in both years.

In relation to whether professional advice had been sought on this matter, Officers confirmed that discussions had been held with VAT consultants and with HMRC and that work had commenced on a potential solution. This would involve being able to demonstrate to HMRC that the breach of the threshold would be for a one year period only. However, this must be backed up with documentation to substantiate the claim and, if granted, the constituent authorities would not be permitted to breach the threshold for a period of seven years thereafter.

In noting that the Joint Committee were considered as a separate entity from the Council, a Member queried whether it was possible to avoid the charge for the breach in VAT threshold. Officers stated that if the Joint Committee acted truly independently of the constituent Councils they would not be able to claim a refund of VAT for any expenditure.

Paragraph 3.5.1 – Works to Cremators, Plant and Abatement Equipment

The report set out that following a recent review of the cremators, plant and abatement equipment by the Director/Registrar and suppliers, works had been identified which would cost in the region of £750,000. The works would need to be undertaken in the early 2018/2019 financial year. Therefore a new capital scheme budget of £750,000 was required in the 2018/2019 budgets. Paragraphs 3.6 to 3.6.6 provided information as to how the works could be financed.

In considering the information contained in the report a Member queried whether there was any recourse against the suppliers of the cremators, adding that the choice of supplier had been made following a careful selection process but despite that the cremators had only lasted for eight years.

It was also noted that there was a provision in the 2018/2019 projected budget of £137,600 for repair and maintenance of the fixed plant cremators. A Member queried whether this would still be required if the £750,000 expenditure was authorised. In response, the Director/Registrar of the Crematorium advised that this would always need to be included in the budget provision.

In relation to paragraph 3.6.4 and the proposed additional 3% increase in cremation fees over and above the already agreed increase of 5% Officers confirmed that the additional increase had been identified as being required to build back up the reserves which would be reduced should the required works to the cremators be authorised.

Members expressed concern that any excessive increase in fees could potentially deter funeral directors from recommending the Mansfield crematorium to bereaved families. This could result in the crematorium not remaining competitive. It was noted that the newly opened facility in Gedling was cheaper at present but it was noted that costs may increase once the facility had become established. A Member expressed concern that the proposed increase was to cover a three year period.

It was suggested that a reduction in expenditure would have the same effect of rebuilding the reserves with a Member querying when a review of expenditure was last undertaken. Ashfield District Council advised that they had an in-house Commercial Team that would be able to assist the Director and Registrar to undertake a review. It was agreed that the findings of the review would be reported back to the Committee in twelve months.

Following the discussion Officers acknowledged that Mansfield District Council were in a situation that could result in them breaching the VAT threshold and that this could have implications for the other constituent authorities. The issue needed to be addressed and a report to the Committee with all options available was required. The Clerk advised that the Committee were in effect approving the capital budget for the following year in principle only so that capital monies were available in the 2018/2019 budget should the Joint Committee, at a subsequent meeting, approve the replacement of the cremators and abatement equipment following consideration of a detailed report.

AGREED (unanimously) that:

- i) the proposed revenue and capital budgets for 2018/2019 be approved;
- ii) the proposed revenue budgets for 2019/2020 and 2020/2021 be approved in principle;
- iii) the 2017/2018 business rate (NDR) savings of £126,189 in 3.6.3, be transferred to the capital fund to part finance the £750,000 capital budget be approved;
- iv) the proposed income from the additional 3% cremation fee increase in 3.6.5, be approved for 2018/2019 and moved into a planned preventative works (PPW) reserve;
- v) the Director and Registrar continues to monitor expenditure to achieve savings wherever possible and that a comprehensive review of expenditure be undertaken in conjunction with the Commercial Team from Ashfield District Council, the findings of such review to be reported back to the Joint Committee in 12 months;

- vi) the proposal in 3.6.6 to transfer any additional revenue surplus in excess of the budgeted surplus from 2017/2018 and thereafter on an annual basis be approved; and
- vii) the VAT implications in paragraph 3.7 be noted and that a further report detailing the costs associated with the identified works to the cremators and the aforementioned VAT implications together with full background details relating to the matter including any possible remedies against the original suppliers be brought to the next meeting of the Joint Committee for consideration.

1699. ANNUAL REVIEW OF FEES AND CHARGES FOR 2018/2019

The Committee considered a report detailing the proposed fees and charges for 1 April 2018 to 31 March 2019. In 2017/2018 the cremation fee was increased by 5%. In the previous report, Revenue and Capital Budget 2018/2019-2020/2021, there was a recommendation that the basic cremation fee be increased by 8% per annum from 2018/2019. This was 3% higher than the initially proposed 5% increase. It was proposed that the income from the additional 3% increase would be transferred into the planned preventative works reserve, to finance future works to the Crematorium building and major assets.

The basic cremation and medical referee's fee for an adult cremation proposed for 2018/2019 was £704.50, which was an increase of £51.00 (8%) on the 2017/2018 approved fee.

Following consideration of the report a Member requested that the fees charged by the Grantham Crematorium be included in future reports as this facility was close to the boundary with Newark & Sherwood District Council and offered a further cost comparison.

AGREED (unanimously) that the

- i) the proposed cremation fee as shown in table 2 be introduced from 1 April 2018 to 31 March 2019 be approved. The fee proposed for 2018/2019 is £704.50, which is an increase of £51 (8%) on the 2017/2018 cremation fee; and
- ii) the proposed cremation fees as shown in table 2 for 2019/2020 and 2020/2021 be reviewed on an annual basis.

1700. FINANCIAL MANAGEMENT REVIEW 1 APRIL 2017 TO 31 OCTOBER 2017

The Committee considered the forecasted year end position for the 2017/18 financial year as at 31 October 2017. The Committee noted underspends in employee expenses, pensions related expenses, an overspend in supplies and services expenses and also a reduction in income of £10,000. The reduced income was due to a reduction in the number of cremations, reduced usage of containers and the organist and a lower than expected income from the CAMEO mercury abatement due to problems with the abatement equipment.

In discussing capital budget approval Members agreed that consideration and approval of such matters should be dealt with separately. They also agreed that the structure and running order of future agendas should be reviewed to ensure that Members were approving recommendations in an appropriate sequence.

AGREED (unanimously) that:

- i) the financial information provided in appendix 1 and 2 was noted; and
- ii) the external auditor appointment information in 3.1.3 was noted.

1701. ANY OTHER BUSINESS

A Member advised that she had recently attended a service at the crematorium and that the additional car parking spaces had been well received by visitors.

A Member also advised that he had attended the annual service and that thanks be passed on to all staff for the continuing excellent facility.

AGREED (unanimously) that the above comments be noted.

1702. DATE OF NEXT MEETING

Friday, 23 February 2018 at 10.00am at Ashfield District Council Offices.

Members requested that electronic appointments for the above meeting to be forwarded to all Members and Officers.

The meeting closed at 11.10 am

Chairman