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| SUBJECT: | REVENUE BUDGET 2019/20 |
| REPORT OF: | Treasurer of Crematoria Joint Committee – Jim Burness |
| RESPONSIBLE OFFICER | Jim Burness – JBurness@chiltern.gov.uk |
| REPORT AUTHOR | Superintendent – Charles Howlett, 01494 72463 chowlett@chiltern.gov.uk and Senior Accountant - Tracey Campbell, 01494 732204, tcampbell@chiltern.gov.uk |
| WARD/S AFFECTED | All |

1. Purpose of Report

1.1 This report:

- informs Members of the forecast outturn for the current year, and
- sets out the proposed Revenue Budgets for 2019/20.

RECOMMENDATIONS

1. **The Joint Committee approves Revenue Budgets for the start up of the Bierton operation for 2018/19 subject to any revisions it wishes to make, of £160,770.**
2. **The Joint Committee approves the Crematoria Revenue Budgets for 2019/20 subject to any revisions it wishes to make to yield a revenue surplus of £884,370.**
3. **The Joint Committee approves the distribution of £750,000 of accumulated surpluses in 2019/20 in the proportions set out in the table in paragraph 6.3.**

2. Summary Figures

- 2.1 Details of the forecast outturn for 2018/19 and original budget for 2019/20 is shown in the table below.

| 2017/18 ACTUALS | 2018/19 BUDGET | 2018/19 FORECAST OUTTURN | | 2019/20 BUDGET |
|--------------------|--------------------|--------------------------------|------------------------------------|-------------------|
| £ | £ | £ | | £ |
| | | | Amersham Crematorium | |
| 433,522 | 422,750 | 422,750 | Direct Employee Expenses | 473,500 |
| 4,514 | 6,500 | 4,070 | Indirect Employee Expenses | 3,930 |
| 332,985 | 344,710 | 374,280 | Premises Related Expenses | 421,890 |
| | | | Transport Related Costs | 1,550 |
| 189,779 | 192,960 | 223,350 | Supplies & Services | 227,360 |
| 55,000 | 60,000 | 70,000 | Support Service Recharges | 50,020 |
| 1,015,800 | 1,026,920 | 1,094,450 | Running Expenses | 1,178,250 |
| | | | Fees & Charges and Other Income | (2,007,120) |
| (2,396,544) | (2,127,370) | (2,160,340) | Net Running Expenses | (828,870) |
| | | | Bierton Crematorium | |
| | 78,250 | 78,250 | Direct Employee Expenses | 86,000 |
| | | 1,880 | Indirect Employee Expenses | 780 |
| | | 72,630 | Premises Related Expenses | 168,760 |
| | | | Transport Related Costs | 3,090 |
| | | 8,010 | Supplies & Services | 76,390 |
| | | | Support Service Recharges | 24,980 |
| | | 160,770 | Running Expenses | 360,000 |
| | | | Fees & Charges and Other Income | (415,500) |
| | 78,250 | 160,770 | Net Running Expenses | (55,500) |
| (1,380,744) | (1,022,200) | (905,120) | Total net Running Expenses | (884,370) |
| 1,929,178 | 4,127,330 | 4,927,910 | Capital funded from revenue | 133,880 |
| | | | Distribution of Reserves | 750,000 |
| 548,434 | 3,105,130 | 4,022,790 | Net Expenditure | (490) |

2.2 A further breakdown is shown in appendices 1 and 2

3. Chilterns Crematorium Forecast Outturn for 2018/19

3.1 The following points should be noted regarding the Chilterns Crematorium forecast outturn.

- a. Furniture, fittings and IT – increase due to unanticipated repairs and upgrade of the Hampden music and loop system, plus new IT hardware and an upgrade of the Wesley Media music system.

- b. Building repairs and maintenance – increase due to unanticipated repairs to the heating and ventilation systems. Following Health and Safety and electrical inspections the need to provide skylight protection on the flat roofs, new emergency lights and remedial works to the electrical wiring system.
 - c. Grounds Maintenance – a reduction in budget following the decision to delay the purchase of a new mower and postpone tree works on the main drive until Bierton is open.
 - d. Gas – increased usage of gas due to higher than anticipated number of cremations.
 - e. VAT provision – adjusted in line with budgets.
 - f. Urns and caskets – Higher number purchased based on cremations. Tokens and keepsakes are now purchased and sold.
 - g. Record Management - costs associated with back scanning of cremation forms.
 - h. Medical referees – based on higher number of cremations.
 - i. Income has been forecast as the original estimate except for additional investment interest received (other income).
 - j. Miscellaneous income – Abatement credits received from unabated cremation surcharges were higher than anticipated.
- 3.2 Overall expenditure has increased by 6.5% as a result of the above items. The changes highlighted have reduced by £35K the operating surplus (net running expenses) before contributions to capital expenditure.
- 3.3 Capital expenditure has been adjusted in accordance with the rolling nature of the projects. The capital programme shows the breakdown of the total budget, and highlights the increase in the Bierton Crematorium project costs of £971k including VAT.

4. Bierton Crematorium Forecast Outturn for 2018/19

- 4.1 The following points should be noted regarding the Bierton Crematorium forecast outturn. The original budget made provision just for the initial staffing costs for the facility, with the intention to develop the budget at a time nearer the opening of the facility. The following highlights the main expenditure necessary prior to opening, most of which relate to purchase of equipment..
- a. Furniture, fittings & IT – to include the installation of the Computerised Administration System, WIFI, IT hardware, chapel chairs and office furniture.
 - b. Maintenance of Cremators, Plant and Equipment – Ash transfer cabinet.
 - c. Grounds Maintenance – to purchase a storage container for the safekeeping of equipment plus internal and external signage.
 - d. Cleaning materials & equipment – purchase of scrubber dryer and vacuums.
 - e. Books & publications – service and hymn books.
 - f. The capital programme report shows the breakdown of the total budget.

5. Budgets 2019/20

- 5.1 Further Details of the original budget for 2019/20 are shown in Appendices 1 & 2, with any significant budget changes explained in the last column.
- 5.2 To summarise.
- The overall changes have reduced by 13% on the operating surplus before contributions to capital expenditure compared to the 2018/19 original budget.
 - Overall expenditure has increased by 39% (£433k) compared to the 2018/19 original budget mainly as a result of:
 - Budget required for Berton operation
 - Additional funding for overtime still necessary until staff are fully trained and able to operate without supervision
 - Additional clerical assistant
 - Building maintenance at Amersham required to the roof and redecoration works
 - New volumes of Books of Remembrance
- 5.3 Having previously anticipated the private crematorium at Watermead to be open in 2018, income has been budgeted slightly higher at 3,000 cremations for Chilterns and 650 for Berton in line with the original business case for the new crematorium.
- 5.4 As reported to the CCJC last year, the impact of the private (Watermead) Crematorium, anticipated to open in the near future has not been reflected in these figures as we are unable to predict what effect this will have on the Crematoria's income, however once opened income will be closely monitored and reflected in future forecasts.

6. Reserves

- 6.1 The following table shows the forecast reserve position.

| | £ |
|--|------------------|
| Actual Surplus Balance 31.3.2018 | 6,051,083 |
| Estimated 2018/19 Deficit | -4,022,790 |
| Estimated Surplus Balance 31.3.2019 | 2,028,293 |
| Estimated 2019/20 Surplus | 750,490 |
| Distribution of Reserves | -750,000 |
| Estimated Surplus Balance 31.3.2020 | 2,028,783 |

- 6.2 Based on the above assumptions, and in line with the intention of the Committee to start to redistribute some of the accumulated surplus once the Berton project is approaching

completion, £750,000 is proposed to be distributed to the constituent authority in April 2019.

- 6.3 With regard to the share to be paid to each authority it is proposed to split the distributable amount by the average number of cremations per area over the past 5 years. This gives the following payments.

| | AVDC | CDC | WDC |
|---|----------|----------|----------|
| Average number of cremations per area over the past 5 years | 739 | 595 | 933 |
| % | 32.60% | 26.25% | 41.15% |
| Allocation | £244,500 | £196,875 | £308,625 |

- 6.4 When considering distribution of the accumulated surplus there will always be the need to maintain a prudent level of reserves which for 2019/20 is considered to be in the order of £790k to:

- Provide a working balance for its operations based on four months expenditure, £510k
- Provide for financial risk of loss of income of 10% of fees, £240k
- Contingency for any emergency works to the building or plant, £40k.

The proposed budget for 2019/20 maintains this prudent level of reserves.

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| Background Papers: | None |
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