

MARGAM CREMATORIUM JOINT COMMITTEE

REPORT OF THE TREASURER

6TH FEBRUARY 2015

SECTION A – MATTERS FOR DECISION

WARDS AFFECTED: ALL

1. ANNUAL BUDGET REPORT

1. Purpose of the Report

1.1 The purpose of the report is to provide details of the Margam Crematorium Joint Committee Revised Budget for 2014/15 and the Estimate for 2015/16.

2. Revised Budget

2.1 In preparing the Original Estimate it was assumed that there would be 1,160 cremations, as it was unclear when the new cremator equipment would become operational and whether any service interruption would apply in the installation of the abatement equipment. However, the Crematorium was opened ahead of the expected time, with the minimum disruption. It is now expected to reach the number of 1,350, as used in previous years to construct the budget.

2.2 The Revised Budget shows Gross Expenditure of £766,657, Income of £849,830, and allows the refund of £36,173 additional precept paid in 2013/14, together with a proposal to establish a general reserve of £50,000.

2.3 The main variances of note in the Revised estimates are:

Expenditure

Wages and Salaries

The additional pension contributions paid to Swansea Council have been reduced from £12,800 to £4,600, this is due to the Pension Fund

reevaluation from April 2014, which has reduced the overall contribution rate.

There has been a variation in the working hours of one of the General Assistants and the expected overtime for all staff has been reduced.

A pay award of 2.2% has been built into the budget from 1st January 2015, together with the appropriate non-consolidated amount.

Organist fees

The original estimate was calculated on the basis of 1,160 cremations. The revised budget has been calculated anticipating 1,350 cremations. This increase is because there was less disturbance in the Crematorium while installing the abatement equipment.

The Crematorium has to pay annual leave to its organists from April 2014; a percentage calculation has been added to the estimate to incorporate this.

Staff Training

Two members of staff have qualified as cremator operators this year, one of the staff also obtained a First Aid certificate.

Carbon Reduction Tax

The carbon reduction tax no longer applies to Neath Port Talbot Council, this is inclusive of Margam Crematorium.

Repair & Maintenance of Buildings

The rent from the tied accommodation is included in the Repair and Maintenance of Buildings; all repairs will be carried out by the Environment Directorate. The charge for waste disposal is also included in this fee.

Repair & Maintenance - Mechanical & Electrical

The cremators no longer form part of the maintenance contract, this has a major impact on the reduction of the monthly fee. There has also been a change in the contractor which has also reduced the mechanical and electrical fee.

Repair & Maintenance Cremators

The cremators are under warranty for the first year. A sum of £25,900 has been included in the budget; this covers the replacement of filters and the disposal of the mercury emissions collected by the abatement equipment.

Gas

The new cremators are expected to be running more efficiently, using less gas.

Electricity

The new cremators and abatement equipment are fully operational since June 2014, however, as the equipment is highly technical there is more electricity being consumed.

Air Quality Sampling

The air quality sampling formed part of the first year new cremator installation contract conditions. This will be continued to be monitored annually by the Environment Directorate in future years.

Conference Fees

There were no delegates attending this year's annual conference, this has also reduced the travelling expenses.

Debt Management fee

This is based on the balance of the outstanding loan together with the projected debt for the new cremator project at year end. This was substantially larger than expected in preparing the original estimate, due to the additional capital spend.

Computer Equipment

Additional software has been installed on the crematorium's computers, the budget also includes all computer consumables spend.

Palm Sunday

There are two Palm Sundays during the financial year.

Loan Charges - Principal and Interest

The original outstanding debt, together with the debt incurred by the new cremator project has been repaid by 4%, plus interest on the outstanding debt of 4.80%. This sum was unknown at Budget stage last year.

Environmental Surcharge – CAMEO

Prior to the installation of abatement equipment, an environmental surcharge has to be paid on 50% of all cremations conducted during the calendar year. The Crematorium is liable for this surcharge between 17th March, when the Crematorium reopened and June 9th when the implementation of the abatement plant became operational.

Repair & Renewal Reserve

The life expectancy of the new cremators is 10 years, it would therefore be prudent to reinstate a reserve fund to enable the Committee to replace the cremator and abatement equipment when necessary.

Income 2014-15

The estimated income was originally based on 1,160 cremations, however it is anticipated the number of cremations will increase to 1,350. This will enable the Committee to increase the repayment of the Neath Port Talbot loan, together with making a provision for the reserve fund.

Cremation fees

The number of expected cremations has been revised to 1,350, increasing the income for fees to £789,750, this is additional income of £109,990.

Memorial Income

The income for memorials is difficult to predict. However the income has increased as the renewal of the 10 year lease is due this financial year.

Palm Sunday and Bulb fund donations

The above donations have been omitted from the budget as they are unreliable and rely on the public's generous contributions.

Net expenditure

It can be seen from the revised net expenditure position that the Crematorium committee is in a much stronger financial position than anticipated at Budget stage. This enables the Committee to repay Neath Port Talbot CBC the sum of £231,535, increased from £116,364 and introduce a Reserve fund contribution of £50,000. This sum will be adjusted at final accounts stage when an accurate figure is available.

2.4 Capital Costs – Direct Revenue Funding

At Appendix 3, there is a statement of costs for the cremator project. The outstanding balance of the original cremator project is £67,185. The new cremator contract including contingencies and fees is £870,000. The funding statement shows that, after using the balance of the Insurance settlement of £278,000, a principal loan repayment of £21,805 and a repayment to Neath Port Talbot Council of £231,535, there remains an estimate balance of £405,845 to be repaid to Neath Port Talbot Council. This balance will be updated at year end.

2.5 Repayment of Additional Precept

As discussed with the constituent authorities the repayment of the 2013/14 additional precept of £36,173, has been included in this year's budget.

2.6 Appendix 1 contains details of the Original and Revised estimates for 2014/15, together with the Estimate for 2015/16.

3. Budget 2015/16

3.1 The budget has been prepared based on 1,350 cremations during the financial year.

3.2 The majority of the budget has been increased by 2.00%, the projected level of the Consumer Price Index; the following are the exceptions.

Wages & Salaries

A pay award of 2.2% has been built into the budget.

R&M Maintenance (Mechanical & Electrical) Contract

The contract will cover the mechanical and electrical maintenance of the Crematorium, but now excludes the maintenance of the cremators.

Repair and Maintenance of Cremators

After the first year this is expected to be £51,500, plus inflation, the legal contract to support this is in its final stages. This contract includes the routine servicing of the existing equipment, replacement of filters and the disposal of the emissions collected by the abatement equipment.

Air Quality Sampling

The Air Quality Sampling, in the first year, formed part of the new cremator project and was undertaken by FT, the cremator contractor. The air quality shall be continued to be monitored by the Environment Directorate in future years.

Palm Sunday

There is one Palm Sunday Service this financial year.

Medical Referees

It is likely that the Health Authority will become responsible for meeting these costs in future years; however, a provision has been retained for 2015/16. As changes are announced these will be reported to the Committee.

Environmental Surcharge CAMEO

The abatement equipment has been installed and is fully operational since June 2014, so there will no longer be a surcharge. However, as the Crematorium is required to abate 50% of its cremations, but is in fact choosing to abate by 100%, there might be additional income received

from the 'Burden Sharing' scheme introduced by CAMEO, but this is not budgeted for at this time.

Income

The income for the financial year 2015/16 has been based on 1,350 cremations. The budget has assumed there shall be no increase in the cremation fee this year as this assurance was given to the Committee when increasing the fee by 20% during 2014/15. The report proposes some increases for other additional income as set out in Appendix 2.

3.3 Appendix 1 contains details of the Estimate for 2015/16.

3.4 Appendix 2 contains details of the fees and charges proposed for 2015/16.

4. Cremator Project

4.1 Members will note from Appendix 3 that a budget provision of £870,000 is included to cover the provision of equipment, installation, fees and contingencies for building works, etc.

The actual expenditure to date amounts to £844,780. There is an outstanding retention and hence total costs will be within the budget.

When added to the existing loan outstanding of £67,185, this results in an estimated total loan requirement of £937,185, plus interest outstanding.

4.2 During 2014/15, a sum of £231,535 and a further £238,377 in 2015/16, has been built into the budget to repay the outstanding loan.

5. Recommendations

5.1 It is recommended that:

- The Revised Budget is agreed by the Committee.
- The Budget for 2015/16 is agreed by the Committee.
- The fees as set out in Appendix 2 are agreed for 2015/16.
- The position in relation to the Cremator Project and Reserve position is noted.

List of Background Papers

Margam Crematorium Financial Records.

Wards Affected

All

Officer Contact

Mr. Hywel Jenkins – Director of Finance & Corporate Services

Telephone: 01639 763251

E-mail: h.jenkins@npt.gov.uk

Mrs. Anne Thomas – Accountant - Technical

Telephone: 01639 763604

E-mail: a.dixon@npt.gov.uk

Appendix 1

Margam Crematorium Account

Actual		Original	Revised	Original
2013/14		Estimate	Estimate	Estimate
		2014/15	2014/15	2015/16
£	Expenditure	£	£	£
	Employees			
137,517	Salaries & Wages	160,781	145,497	152,073
9,628	Organists fees	18,228	24,800	24,800
-	Staff Training	850	975	850
17,662	Contracted Staff	-	-	-
	Premises			
658	Carbon Reduction Tax	2,000	-	-
42,669	R&M Grounds	43,479	44,375	45,180
17,508	R&M Buildings	22,948	22,650	23,100
8,792	R&M Mech. & Electric (Mitie)	11,241	5,000	5,000
-	R&M Cremators (Contract with FT)	26,000	25,900	51,500
14,917	Gas	34,000	33,000	33,610
5,736	Electricity	10,440	10,895	11,110
1,356	Water	1,750	1,670	1,700
-68,174	Non domestic rates	20,340	20,340	20,800
9,249	Cleaning	11,982	11,485	11,715
-	Air Quality Sampling	2,910	-	3,000
	Supplies & Services			
769	Printing & Stationery	2,400	2,400	2,400
724	Advertising	700	715	730
1,791	Telephones	2,000	1,760	1,795
4,665	Insurance	4,722	4,665	4,665
149	Travelling Expenses/Subsistence	600	230	600
-	Conference fees	1,756	-	1,515
213	Car Allowance	730	730	750
70	Debt Management	100	345	330
50,240	Support Services	50,858	50,860	51,880
2,181	Audit Fees	4,047	2,860	3,000
1,679	Licence fee - operating permit	1,711	1,680	1,680
497	Floral Decoration	506	510	520
1,100	Computer & Equipment	1,975	2,350	2,400
18,793	CAMEO	10,000	10,000	-
-	Brochures	1,530	1,530	1,560
127	Equipment	1,358	1,360	1,360
220	Urns & Caskets	1,520	1,520	1,550
-	Palm Sunday	740	600	300
2,388	Entries in Book of Remembrance	2,129	2,130	2,130
4,104	Medical Referees	12,150	12,150	12,150

Appendix 1

Actual		Original Estimate	Revised Estimate	Original Estimate
2013/14		2014/15	2014/15	2015/16
£	Expenditure	£	£	£
151	Clothing	1,352	1,350	1,000
867	Subscriptions	996	990	990
4,047	Memorials	4,076	4,070	4,070
	Capital Costs			
7,884	Loan charges - Principal	4,858	26,665	26,720
7,988	- Interest	5,655	32,065	30,780
9,915	Provision for Capital Works	25,000	25,000	25,000
50,000	Contributions to the Council-Cremator project	116,364	231,535	238,377
368,080	Gross Expenditure	626,782	766,657	802,690
	Income	£	£	£
-229,429	Cremation Fees	-679,760	-789,750	-789,750
-1,234	Urns & Caskets	-2,949	-2,880	-2,940
-6,688	Book of Remembrance	-5,196	-6,150	-6,280
-19,777	Memorials Income	-21,678	-23,000	-22,110
-183	Bulb Donations	-	-	-
-495	Palm Sunday Donations	-250	-	-
-13,379	Miscellaneous Income	-22,170	-28,050	-28,610
-	Refund of water usage from Cemeteries	-	-	-
-8,400	Payment for Water usage from Cemeteries	-	-	-
-279,585	Gross Income	-732,003	-849,830	-849,690
88,495	Net spend before reserves	-105,221	-83,173	-47,000
	Transfer to/-from Reserves	£	£	£
183	Bulb Fund	-	-	-
495	Palm Sunday Reserve	-	-	-
-50,000	General Reserve	15,000	50,000	50,000
39,173	Net position to be funded by Authorities	-90,221	-33,173	3,000
	Precept Funding from Local Authorities			
-1,693	Precept - Neath Port Talbot	-1,693	-1,693	-1,688
-1,307	- Bridgend	-1,307	-1,307	-1,312
-20,413	Additional precept - NPT	51,676	20,413	-
-15,760	- Bridgend	41,545	15,760	-
0	Net Expenditure/-income after precept funding	0	0	0
456	Number of Cremations	1,160	1,350	1,350

Appendix 1

Schedule of Precept payments

	Neath Port Talbot	Bridgend	Total Precept
Dates	£	£	£
2015-2016	1,688	1,312	3,000
2014-2015	1,693	1,307	3,000
2013-2014	1,693	1,307	3,000
2012-2013	1,710	1,290	3,000
2011-2012	1,710	1,290	3,000
2010-2011	2,831	2,169	5,000
2009-2010	2,850	2,150	5,000

Cremation Price Comparison 2014/15

Margam Crematorium	£597	(incl. of certificate and organist)
Llewydcoed Crematorium, Aberdare:	£590	(incl. of certificate and organist)
Swansea Crematorium:	£576	(incl. of certificate and organist)
Coychurch Crematorium, Bridgend:	£594	(incl. of certificate and organist)
Llanelli Crematorium: (Private)	£576	(incl. of certificate and organist)

Margam Crematorium
Proposed table of fees and charges w.e.f. 1st April 2015

	01/04/14	01/04/15
1 <u>Cremation fees and ancillary services</u>		
[a] Stillborn child or child up to 1 year	No charge	No charge
[b] Aged 1 to 16 years	£457	£457
[c] Aged over 16 years	£585	£585
[d] Additional charge for Saturday cremation	£314	£314
[e] Double cremation (2 adults at one service)	£1,153	£1,153
[f] Cremation only at 9 am (Weekdays only)	£485	£485

N.B. The above fees in 1[b] & 1[c] above include all services relating to a cremation.
The concession under 1[a] may be coupled with 1[d] or 6 if required.

	2013/14	2014/15	2015/16
2 Certificate of cremation	£11	£12	£13
3 Extract from Register	£10	£11	£12
4 Temporary deposit of cremated remains (after 1 month)	£30	£31	£32
5 Disposal of cremated remains from other crematoria	£41	£42	£43
6 Service in chapel with organ and organist or extra 20 mins	£29	£30	£31
7 Service in chapel with organ and organist or extra 20 mins (Sat)	£40	£41	£42
8 Witness Burial of cremated remains - Weekdays	£42	£43	£44
- Saturdays		£60	£61
9 <u>Urns and Caskets</u>			
[a] Wooden Casket	£33	£34	£36
[b] Bronze Metal Urn	£24	£25	£26
[c] Woodgrain cardboard container	£13	£14	£15
[d] Plain cardboard container	£10	£11	£12
[e] Small metal urn	£17	£18	£19
[f] Polyurn	-	£12	£14

Margam Crematorium
Proposed table of fees and charges w.e.f. 1st April 2015

	01/04/14	01/04/15
1 <u>Inscriptions in Book of Remembrance</u>		
Two Lines	£35.00	£36.00
Five Lines	£53.00	£54.00
Eight Lines	£70.00	£71.50
Floral Emblem/Service Badge	£40.00	£41.00
Coat of Arms	£51.00	£52.00
2 <u>Miniature Book of Remembrance</u>		
Two Lines	£54.00	£55.00
Five Lines	£69.00	£70.00
Eight Lines	£75.00	£76.50
Floral Emblem/Service Badge	£40.00	£41.00
Coat of Arms	£51.00	£52.00
Additional Lines	£10.00	£10.50
2a <u>Additional Inscriptions in Miniature Book</u>		
Two Lines	£28.00	£28.50
Five Lines	£37.00	£38.00
Eight Lines	£46.50	£47.00
3 <u>Memorial Card</u>		
Two Lines	£17.50	£18.00
Five Lines	£26.50	£27.00
Eight Lines	£35.50	£36.00
4 <u>Memorial Kerb Plaque in Garden of Remembrance (inc. Children's Memorial)</u>		
An inscription for lease of 10 years	£420.00	£428.00
A replacement plaque (existing lease)	£159.50	£162.50
Renewal of lease for further 10 years	£170.00	£173.00
5 <u>Reservation of vase</u>		
Window Vase	£7.00	£7.00
Altar Vase	£8.50	£8.50
Additional Copy of Crematorium Brochure	£3.50	£3.50
Replacement Aluminium Vase	£10.50	£10.50
Service of Remembrance	£7.50	£7.50

Margam Crematorium
Proposed table of fees and charges w.e.f. 1st April 2015

	01/04/14	01/04/15
6 <u>Triptych Memorials</u>		
<u>Basic Charge - Faux Suede</u>		
Triptych with 2 line entry & pocket	£49.50	£50.50
Triptych with 5 line entry & pocket	£60.50	£62.00
Triptych with 8 line entry & pocket	£71.50	£73.00
<u>Basic Charge - Leather (without pocket)</u>		
Triptych with 2 line entry	£66.00	£67.00
Triptych with 5 line entry	£77.00	£78.50
Triptych with 8 line entry	£87.50	£89.00
<u>Additional Charges</u>		
2 line entry	£11.50	£12.00
5 line entry	£16.50	£17.00
8 line entry	£22.50	£23.00
Floral Emblem	£41.00	£42.00
Coat of Arms	£51.50	£52.00

Margam Crematorium Cremators and Abatement Project

Old Cremator Project Cost	£	£
Total Cost to 31 st March 2012		28,773
Total Cost to 31 st March 2013		990,911
Total Cost to 31 st March 2014		49,421
Grand Total		<u>1,069,105</u>

Funding

Less direct funding as at 31 st March 2012	-28,773	
Less funded from Reserves as at 31 st March 2013	-920,324	
Funded as at 31 st March 2013	-949,097	
Funded from Reserves 2013/14	-50,000	
Repayment of Principal 2013/14	-2,823	
Total funding available		-1,001,920

Net Loan outstanding		<u>67,185</u>
----------------------	--	---------------

New Cremator Project	£	£
Total Contract including contingency and fees		870,000

Old Cremator project		67,185
----------------------	--	--------

Net project costs		<u>937,185</u>
--------------------------	--	----------------

Less		
Principal repayment of Loan 14/15		-21,805
In year estimated repayment		-231,535
Insurance balance		-278,000
Estimated Total Balance outstanding as at 31st March 2015		<u><u>405,845</u></u>

Insurance Settlement		£
Settlement from Insurance co.		350,000
Less Insurance reserve		-72,000
		<u>278,000</u>

Reserve Movements	£	£
	2013/14	2014/15
Opening Balance	50,000	0
Contributions to Reserves		50,000
Contributions from Reserves	-50,000	
Closing Balance as at 31 st March	<u>0</u>	<u>50,000</u>