

NORTH EAST SURREY CREMATORIUM BOARD**8 DECEMBER 2020****REPORT BY THE TREASURER****Income and Expenditure Estimates and the Board's Annual Budget****Introduction**

1. The Board's estimates for income and expenditure and the overall budget for the current and next year need to be approved annually in advance of the next financial year. Approval of these budgets provides the broad framework within which expenditure can be incurred subject to provisions contained within the Board's Scheme of Delegation.

Considerations

2. Statistics reported elsewhere on the agenda indicate the number of cremations in 2020/21 has been significantly higher than originally forecast due to the excess deaths seen as a result of the COVID-19 pandemic. As stated elsewhere on this agenda it is estimated that the final number of cremations in 2020/21 will be 2,300 and that 2021/22 levels will be maintained at the originally estimated level of 1,950 per annum.
3. Following review of the current position the Revised Annual Budget for 2020/21 and Original Annual Budget for 2021/22 are attached at **Appendix Ci** for approval. These estimates include adjustments for income from cremation and memorial fees based on volume changes and charges based on the Annual Review of Fees and Charges and the increase in the Management Agreement budget discussed elsewhere on this agenda.

Capital

4. The proposed capital budgets continue to include the existing approved capital schemes, with cash flows revised where necessary to reflect slippage from previous years and revisions to estimates where known. Additionally, there are a number of newly proposed schemes proposed demonstrating the continued investment in the provision of the services that the Board continues to make.
5. An update on the position relating to existing capital schemes has been included within the Surveyor's report elsewhere on this agenda along with additional detail regarding the need for bringing forward the new capital bids proposed at this time.

Revised Budget 2020/21

6. The revised Expenditure budget for 2020/21 is £799,530 compared to the 2020/21 original budget of £724,930. This represents an increase of £74,600 or 10.3%. The largest increase (+£76,800) being in relation to the Management Agreement budget already referenced elsewhere on this agenda.
7. The revised Income budget for 2020/21 is £1,632,730 compared to the 2020/21 original budget of £1,333,730. This represents an increase of £299,000 or 22.4%. This increase reflects the additional income anticipated based on the revised level of cremations and associated memorial income. No income has been assumed from Tradeable Mercury Abatement Credits as although the Board has joined the Cameo scheme income from trading surplus credits is by no means guaranteed.

8. The revised Capital budget for 2020/21 is £337,700 compared to the 2020/21 original budget, plus prior year slippage, which totalled £330,000.
9. Taking all matters into consideration the anticipated revised surplus for 2020/21 stands at £497,500 compared to the 2020/21 original estimate of £279,800.

Original Budget 2021/22

10. The original Expenditure budget for 2021/22 is £766,730 compared to the 2020/21 revised budget of £799,530. This represents a decrease of £32,800 or 4.1% and reflects the reduction in expected costs as a result of cremation numbers returning to a more stable level of approximately 1,950 per annum. The largest decrease being in relation to the Management Agreement Budget with increases in line with inflation assumptions allowed for elsewhere.
11. In addition there has been an increase in the Salary costs as a result of the September review (+£6,460) a reduction in the level of repairs budget required (-£6,500) and an increase in the Insurance budget (+£2,790) as premiums are anticipated to increase above the level of inflation.
12. The original Income budget for 2021/22 is estimates at £1,427,920 compared to the 2020/21 revised budget of £1,632,730. This represents a decrease of £204,810 or 12.5%. This decrease reflects the anticipated decrease in activity as the COVID-19 pandemic stabilises.
13. The Capital budget for 2021/22 is £425,000. This is as a result of the new additions referred to above and the delay to the Ashes Lawn scheme which is now expected to be finalised in 2021/22.
14. Again, taking all matters into consideration the anticipated original surplus for 2021/22 stands at £237,190 compared to the 2020/21 revised estimate of £497,500.

Balances

15. The Board's balances continue to be marginally above that considered to be an adequate working balance in normal circumstances which is deliberate to ensure sufficient funds are available to complete the acquisition of land from Wandsworth Council and cover the other planned capital expenditure. Once these capital projects have been completed it is expected that balances will begin to return to normal operating levels although noting that provision is now being made within the retained balances for the Cremator Replacement as previously agreed by the Board.

Recommendations

16. For the Income and Expenditure estimates and the Board's Annual Budget, the Board is recommended to:-
 - a) approve the revised Income and Expenditure estimates and the Board's Annual Budget for 2020/21,
 - b) approve the original Income and Expenditure estimates and the Board's Annual Budget for 2021/22; and,
 - c) authorise payments to be made within these approved estimates and/or within Chief Officers delegated authority limits.
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M R Davies
Treasurer to the Board

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