

Agenda

Cyd-Bwyllgor Amlosgiad Gwell Gwent

Date: Dydd Mercher, 27 Ionawr 2021

Time: 10.00 am

To: Councillors J Taylor (Cadeirydd), Councillor R Jeavons, D Davies, S Evans,
K Williams, J Pratt, J Simmonds, Meredith and Moore

Item		Wards Affected
1	<u>Ymddiheuriadau dros Absenoldeb</u>	
2	<u>Datganiadau o ddiddordeb</u>	
3	<u>Cofnodion y Cyfarfod Diwethaf</u>	
4	<u>Adolygiad o Ffioedd a Chynigion Cyllideb 2021</u> (Tudalennau 3 - 12)	All Wards
5	<u>Adroddiad y Trefnydd Angladdau</u> To consider any issues raised by local Funeral Directors	
6	<u>Adroddiad y Rheolwr</u>	
a	<u>Adroddiad y Rheolwr Ionawr 2021</u> (Tudalennau 13 - 14)	All Wards
7	<u>Rheoli Cyfleusterau</u>	All Wards

Contact: Meryl James, Swyddog Llywodraethu

Tel:

E-mail:

Date of Issue: Date Not Specified

All meeting recordings can be found [here](#).

Mae'r dudalen hon yn wag yn



Report

Greater Gwent Crematorium Joint Committee

Part 1

Date: Wednesday 27th January 2021

Subject Review of Fees and Budget Proposals for 2021/22

Purpose To provide supporting information relating to the review of cremation fees, and to present the draft budget proposals for 2021/22.

Author Joanne Hazlewood

Ward General

Summary To review and consider revised cremation fees, and the budget proposals for 2021/22.

Appendix:

Appendix 1 Fees for consultation
Appendix 2 Draft budget proposals 2021/22
Appendix 3 Distribution summary

Proposal Committee is asked to freeze current cremation fees and approve the budget proposals for 2021/22

Action by Head of Finance

Timetable

1. Fee increases would be implemented from 01 April 2021
2. Draft budget proposals, and fees and charges, to be agreed for 2021/22.

This report was prepared after consultation with:

- Head of Finance
- Head of Law and Regulation
- Head of People and Business Change

Signed

Background

The Joint Committee received a report on the review of fees for 2020/21, in December 2019, and decided to implement an increase of 7.5% from 01 April 2020.

It is now necessary to review fees for the coming year in light of the recent increase in competition in S.E. Wales area. The fee options are detailed within this report, along with the draft budget proposals for 2021/22, which show a planned surplus of £471,923, prior to any distribution, or fee increase, which indicates we will be unable to sustain the current level of distribution going forward.

Financial Summary

We are facing continuing financial challenges, namely: increasing costs around pay / contract prices and greater competition from private crematoria, with consequential decreasing cremation numbers / income levels.

With the continuing financial pressures and demands, the Committee must consider options for ensuring service/financial sustainability in the increasingly competitive market, to achieve future requirements.

With the opening of the new Crematorium in Pontllanfraith later this month, there will be 2 competitors in the Gwent area, and numbers have already declined as a result of sharing business with Langstone Vale. There has been an additional impact, due to the fact that the new crematorium offers longer service times, and visual tributes, which has resulted in cremations taking place there, with cremated remains being interned at Gwent Crematorium with other family members. The cost of interning cremated remains is £90 compared to the cost of an adult cremation of £828, therefore a substantial loss of income.

Setting the budget

The Committee is required by law to set a balanced budget every year. At the same time, we review our fees against our competitors.

In putting together the budget proposals each year we review:

- budget commitments
- new proposals for savings and efficiencies
- new proposals on our fees and charges

As in previous years, when considering the budget proposals, the Committee will be asked to keep the medium term position in mind

The draft income proposals for 2021/22 are based on reduced cremation numbers, with no increase in cremation fees, so further income could be generated by an increase, should the Committee decide. However if we are unable to achieve that level of income, with greater competition, the shortfall in income could become greater, offsetting any opportunity for that additional income.

The following inflationary rates have been applied to the expenditure budget:

Employee costs reflect a 2% increase. Uncertainty exists given recent announcements from the Chancellor on a one-year pay freeze for the LG sector but the above allowance is a prudent approach at this time.

Energy costs 5%

Rates 2%

Refuse collection 8.2%

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Budgeted income level is unachievable with the increased competition	H	H	Consider reducing the budgeted income level	Head of Finance
Projected cremation numbers continue to fall, resulting in deficit position	H	H	Further draw down on reserves or reduced distribution	Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The overall aim of the budget proposals is to ensure the on-going delivery of the Cremation service whilst also providing an income source to Gwent Councils.

Options Available and considered

There are options available for consideration, for both fees and distribution levels (from Appendix 1)

All the following assumptions are based on reduced cremation numbers of 1,680 projected for 2021/22, estimating that there will be a 20% loss of cremations to the new crematorium, opening in Pontllanfraith. At current fee levels, income for 2021/22 budget is reduced by £600k, which reflects both the current and projected downward trend in cremations. This will need to be reviewed in 12 months' time when the actual impact will be known with more certainty

Fees

- a) No fee increase, would provide no opportunity for additional income,
- b) A 4% increase to meet inflation, could result in total additional income of £55,000
- c) A 4.6% decrease to adult cremation fees, to price match the new crematorium, Sirhowy Valley, Pontllanfraith, which would be a reduction of £38 per adult cremation, would reduce estimated income by £64,000

Distribution

In order to provide financial certainty to Gwent Councils, the Head of Finance confirms that reserves could be used in 2021/22 to maintain the current distribution of £950k to Councils. This would then need to be

reduced for 2022/23 onwards to a more sustainable level – in the region of £450k but which could be confirmed when there is more certainty on the impact of business levels. This would also provide Councils to reduce their own income budgets from this distribution.

As the information in Appendix A shows, this still leaves a good level of reserves available for funding improvements to the site and service, which are needed to maintain 'the offer'.

Preferred Option and Why

It is recommended that fees are frozen (option a), which will ensure we are not priced out of the market, based on the offering we currently have, which can't be compared to the new private crematorium, offering visual tributes and longer services.

It is recommended that the current level of distribution is maintained in 2021/22, utilising reserves as necessary but these are then reduced to sustainable levels thereafter, from 2022/23.

Comments of Chief Financial Officer

The downward trend in cremations and activity at this crematorium is a worrying trend, though inevitable having gone from the only crematorium in S. E. Wales to what will be three sites from 2021/22. The impact of this is significant in terms of the surplus that this service generates and is able to distribute to Gwent Councils. The recommendations ensures financial certainty to those Councils next year but then reduces that down to sustainable levels, utilising reserves, and that should still maintain a good level of reserves in going forward.

Comments of Monitoring Officer

The Monitoring Officer has approved the report for consideration by Committee.

Comments of Head of People and Business Change

There are no HR or People and Business Change related matters arising from this report.

Comments of Cabinet Member

The Cabinet Member has approved the report for consideration by Committee

Scrutiny Committees

n/a

Equalities Impact Assessment and the Equalities Act 2010

n/a

Children and Families (Wales) Measure

n/a

Wellbeing of Future Generations (Wales) Act 2015

In preparing this report, the Wellbeing of Future Generations (Wales) Act 2015 has been considered by balancing short-term needs with the need to safeguard the ability to also meet long term needs. We are considering options to provide a service which will allow us to withstand the competitive market, and meet our future wellbeing goals and objectives, and in doing so, understand the importance of involving those with an interest in achieving them, and ensuring that those people reflect the diversity of those to whom we provide a service.

Crime and Disorder Act 1998

n/a

Dated: 27th January 2021

APPENDIX 1 – FEE REVIEW

1. FEES in 2020/21

The table below shows the current cremation fee in Gwent, in relation to our geographically nearest competitors.

	Basic adult Cremation fee*
BRIDGEND	696.40
CARDIFF	700.00
ABERDARE	721.00
PONTYPRIDD	721.00
HEREFORD	744.00
GWENT	828.00
LANGSTONE VALE (PRIVATE)	840.00
BARRY	875.00
GLOUCESTER	912.00
FOREST OF DEAN	930.00

* Cremation fee, plus medical referee's fee and environmental surcharge

STATISTICS

Financial Year	Actual cremations
April 2013 – March 2014	2781
April 2014 – March 2015	2893
April 2015 – March 2016	2872
April 2016 – March 2017	3013
April 2017 – March 2018	2850
April 2018 – March 2019	2352
April 2019 – March 2020	2257
April 2020 – March 2021 (projected)	2100
April 2021 – March 2022 (projected)	1680

The statistics show that the cremation numbers have been decreasing since the opening of Langstone Vale crematorium in November 2017. We saw the greatest decrease in 2018/19, and despite the current pandemic, we are still projecting a decrease in numbers for the current financial year. In addition to this, the new Sirhowy Valley crematorium is due to open this month, and will hold around 1,300 funerals a year; the impact of which we project to be a further loss of 400-500 cremations for Gwent Crematorium.

2. CREMATION FEES for 2021/22

The following table shows the impact of various increases in the fees, based on the projected 21/22 cremation numbers of 1,680.

Members will remember that fees were increased by more than inflation for the current 2020/21 financial year in order to increase the income distribution to constituent authorities, which was part of a two year initiative.

Based on cremation numbers of 1,680 (projected for 2021/22)

% increase / decrease	Revised Fee	Impact on adult cremation fee	Impact on income levels
0%	£828	£0	£0
4% (inflation)	£861	£33	£55,440
-4.6% (to price match Pontllanfraith)	£790	-£38	-£63,840

APPENDIX 2 – DRAFT BUDGET PROPOSALS 2021/22

*figures are based on cremations of 1,680 for 21/22

	Approved Estimate 2020/21 £	Projected out-turn 2020/21 £	Draft Estimate 2021/22 £ (Based on no fee increase) OPTION A £828	Draft Estimate 2021/22 £ (Based on 4% inflationary increase) OPTION B £861	Draft Estimate 2021/22 £ (Based on fee decrease of 4.6%) OPTION C £790
INCOME	-2,003,438	-1,672,325	-1,391,040	-1,446,480	-1,327,200
Employees	327,587	313,322	334,139	334,139	334,139
Premises	342,226	416,418	350,184	350,184	350,184
Transport	1,010	400	1,010	1,010	1,010
Supplies + Services	180,205	110,070	180,623	180,623	180,623
Capital Financing	53,161	53,161	53,161	53,161	53,161
EXPENDITURE	904,189	893,371	919,117	919,117	919,117
(SURPLUS)/DEFICIT prior to distribution	-1,099,249	-778,954	-471,923	-527,363	-408,083
b/f reserves 1,374,275					
Budgeted Distribution	950,000	950,000	950,000	950,000	950,000
Impact on Reserves	-149,249	171,046	478,077	422,637	541,917
Reserves balance	1,523,524	1,203,229	725,152	780,592	661,312

APPENDIX 3 – DISTRIBUTION SUMMARY

	Population			
	1996	%	950,000	450,000
Blaenau Gwent	77,400	17.59	167,114	79,159
Caerphilly (Islwyn only)	66,800	15.18	144,227	68,318
Monmouthshire	81,200	18.45	175,318	83,045
Newport	120,900	27.48	261,034	123,648
Torfaen	93,700	21.30	202,307	95,830
TOTAL	440,000	100.00	950,000	450,000

Mae'r dudalen hon yn wag yn

Manager's Report

Statistics

Website

In the past 28 days to date, there have been approximately 12500 views of the crematorium web pages.

MEMORIAL SALES

MONTH	VASE BLOCKS	SANCTUM VAULTS	LEASE RENEWALS – vase blocks	LEASE RENEWALS - vaults
JANUARY	5	1	5	0
FEBRUARY	0	1	13	0
MARCH	2	0	5	1
APRIL	0	0	3	0
MAY	1	2	3	4
JUNE	3	1	16	0
JULY	3	2	6	0
AUGUST	4	3	7	0
SEPTEMBER	3	1	8	0
OCTOBER	2	1	4	0
NOVEMBER	0	1	3	3
DECEMBER	2	3	1	0

CREMATIONS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Jan	211	233	246	268	240	262	278	220*	254	278	254	283	298
Feb	197	211	254	258	243	262	254	200*	268	256	226	262	227
Mar	196	204	230	299	277	287	241	267	279	249	235	253	218
Apr	223	178	237	229	268	245	222	268	237	193	229	222	246
May	240	195	219	266	266	230	234	274	270	232	198	204	236
Jun	140	150	164	260	264	241	239	218	193*	232	235	206	201
Jul	91	212	186	219	211	237	257	211	175*	204	208	205	206
Aug	98	165	176	236	244	187	206	183	168*	241	198	191	223
Sep	149	181	173	228	228	232	204	194	158*	221	218	204	210
Oct	141	206	193	240	224	225	243	234	186*	233	232	225	251
Nov	186	169	190	251	239	249	222	226	176*	220	219	212	200
Dec	215	197	166	191	244	266	248	200	182*	234	227	238	234
	2087	2301	2434	2945	2948	2913	2848	2695	2546*	2793	2679	2705	2750

**Figures marked with an asterisk are at times with reduced service provision due to the installation of mercury abatement plant.*

Charter for the Bereaved

The crematorium has retained its Gold Standard in the Institute of Crematorium and Cemeteries Management's national benchmarking scheme.

Annual Emissions Test

As well as having continuous emissions monitoring, the crematorium is obliged to arrange an annual independent emissions test. The results have been received, and confirm our compliance with our operating permit.

Annual Compliance Inspection

The annual inspection by Torfaen's Senior Environmental Health Office to ensure compliance with our operating permit took place on 8th December. Although I am yet to receive a full report, no issues were flagged on the day, and I anticipate that full compliance will be confirmed in due course.