

## **For publication**

### **ESTIMATES OF REVENUE EXPENDITURE & INCOME** **FOR YEARS ENDING 31<sup>ST</sup> MARCH 2021 onwards**

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Meeting: Chesterfield and District Joint Crematorium  
Committee

Date: 14<sup>th</sup> December 2020

Cabinet portfolio: N/A

Report by: Bereavement Services Manager  
Clerk & Treasurer

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## **For publication**

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### **1.0 PURPOSE OF REPORT**

1.1 To present for Members consideration the Committee's revenue estimates for 2020/21 to 2023/24, as detailed in the attached appendices:

Appendix 1 - Detailed Estimates

Appendix 2 - Details of Major variations in 2020/21

Appendix 3 - Notes on 2021/22 estimates

Appendix 4a - Reserves Forecasts

Appendix 4b - Capital Improvement Reserve

### **2.0 RECOMMENDATIONS**

2.1 That the revenue estimates be approved.

- 2.2 That the Capital schemes be approved. (para 3.4 & 6.6).
- 2.3 In line with the recommendation agreed at the Joint Board meeting on the 12<sup>th</sup> December 2016 that a re-distribution of £500,000 to the Constituent Authorities be approved for 2020/21.
- 2.4 That the planned use of reserves be approved (para 6.0).

### 3.0 Revised 2020/21

- 3.1 There is a reported minor deficit of £19,417 in 2020/21 compared to the original breakeven budget.
- 3.2 Details of the variations are shown in **Appendix 2** and summarised below:

<b>Table 1: Variances – Original to Revised 2020/21</b>			
<b>Para. Ref.</b>		<b>Amount £</b>	<b>Increase/(Decrease)</b>
	<b>Original Budget</b>	<b>0</b>	
	<u>+/- Variances in the year:</u>		
3.3.1	Employees	62,340	<b>Increase</b>
3.3.2	Premises	(2,830)	<b>Decrease</b>
3.3.3	Supplies & Services	11,090	<b>Increase</b>
3.3.4	Agency/Contracted Services	32,050	<b>Increase</b>
	Central /Admin Support	(940)	<b>Decrease</b>
3.3.5	Income	38,260	<b>Decrease</b>
3.3.6	Increased contribution to reserves	1,500	<b>Increase</b>
3.3.6	Transfer from Summary Revenue Reserve	(97,953)	<b>Increase</b>
3.3.7	Reduced Re-distribution	(24,300)	<b>Decrease</b>

	<b>Revised Out-turn</b>	<b>19,417</b>	<b>Deficit</b>
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Source: Appendix 1

### 3.3 Explanation of Significant Variances

#### 3.3.1 Employees:

- There is a projected increase of £62k on staffing. £49k of this relates to the re-deployment of staff in order to keep the Crematorium operational during the first Covid lockdown and a further £9.6k is the cost of additional staffing during winter already approved by the Joint Board at the meeting on 21<sup>st</sup> September.

#### 3.3.2 Premises:

- There is a minor reduction in spend on premises costs. The Manager has reduced the trees/shrubs budget by £5k however utilities, in particular gas, are forecast at £4.9k more. The Manager has also reviewed the list of repairs/improvements scheduled for this year in the service improvement plan. There has been a minor increase in cost to one of the improvements and work to the Book of Remembrance Room has been moved back in 2021/22.
- It should be noted that there is still an ambitious plan of repairs/improvements scheduled for this year, however the ability to complete this will depend on how busy the Crematorium is and the whether contractors are able to carry out the works during lockdowns etc. Progress on these will be reported to the Joint Board at the year-end meeting.

#### 3.3.3 Supplies & Services:

- £10k to cover additional Covid related items such as training materials, Perspex screens, hygiene consumables etc.
- There have been minor adjustments to other budgets.

#### 3.3.4 Agency/Contracted Services:

- There is a £32k increased budget requirement on building cleaning due to additional cleaning required to keep the chapel Covid safe.

#### 3.3.5 Income:

- The revised fee and banding structure approved at the Joint Board on 21<sup>st</sup> September 2020 has been included in the budgets. There has also been a review of the profiling of income across the different price bands since the new banding was only introduced last year. This has resulted in a decrease in income of £6k.
- The budgets for the miscellaneous income and other sales have reduced by £38k. This has mainly been caused by the free webcasting of funeral services (£24k) and a reduction on interest received on cash deposits (£14k).
- A payment of £6.5k has been estimated from CAMEO.

#### 3.3.6 Reserves

- The contribution to the Mercury Abatement Reserve has increased by £1.5k due to the increase in fees agreed by the Joint Board at the meeting on 21<sup>st</sup> September.
- £98k excess funds retained in the Summary Revenue Reserve in 2019/20 has been brought back into the budget to assist in covering the additional expenditure on Covid.

#### 3.3.7 Re-distribution

- The re-distribution made to the three constituent authorities has been reduced by £24k, again to assist in covering the additional costs incurred due to Covid.

### 3.4 Capital Projects

- Capital Improvement Reserve (see para 6.7) – this year there was budgeted spend of £18.5k on new gutters and soffits/facias. However following the management review it has been decided to move this work back into 2021/22 in order that the work coincides with planned work to renew some of the roof/ridge tiles.

## 4.0 ESTIMATES 2021/22

4.1 There is an estimated revenue surplus for the next financial year of **£514,130 (Appendix 1)** prior to any re-distribution after allowing for:

- Cremation fee increases across all bands in January 2022 of approximately 2.5%
- A pay award of 2.5% for 2021/22
- Revised cremation income based on 2,000 cremations

4.2 Expenditure to be funded from reserves

It is proposed to spend an additional £35.5k from reserves in 21/22 (see para 6.6).

## 5.0 MEDIUM TERM FORECASTS

5.1 The key assumptions made in producing the forecasts in Appendix 1 for 2022/23 and 2023/24 include:

- Pay awards of 2.5% over the next few years

- Cremation fee increases across all bands in 2022/23 and 2023/24 of approximately 2.5% in order to achieve a balanced budget
- Setting aside the Mercury Abatement surcharge income of £112,000 pa into a reserve for future replacements
- A revenue contribution of £90k in 2022/23 and 2023/24 into the Capital Improvement Reserve
- Re-distribution of all ongoing surpluses to the constituent authorities.

## 6.0 RESERVES

6.1 The Joint Crematorium maintains five reserves:

- Revenue Reserve (including the minimum Working Balance)
- Mercury Abatement Reserve
- Equipment Replacement Reserve
- Capital Improvement Reserve
- Cremator Repairs Reserve

6.2 **Revenue Reserves** – the forecasts in **Appendix 4a** includes the approved fee increases from January 2021. It was approved at the Joint Board meeting on the 12<sup>th</sup> December 2016 to re-distribute any surplus over the £250k minimum working balance to the constituent authorities provided that the surplus exceeded £100k. A re-distribution of £500k to the three constituent authorities leaves a minor deficit of £19k meaning that the projected balance of this reserve will be £231k. The Treasurer is happy that in the short term this reserve has sufficient balance whilst the situation around Covid becomes clearer and the balance will be made up over the next two financial years.

6.3 **Mercury Abatement Reserve** – **Appendix 4a** shows the contributions which will be made each year from income collected of £112k for 2021/22 onwards. The projected balance on the reserve at the end of 2020/21 is £948,128. The £56 charge

per cremation is still being made even though the plant is installed and will be set aside for future replacement works. It is estimated that the cremators are approximately halfway through their original useful life. The Bereavement Services Manager has reviewed the balance on the reserve and projected contributions and currently views these to be sufficient. However, due to the potential significant cost of replacing the cremators in the future this reserve will be reviewed annually.

- 6.4 **Equipment Replacement Reserve – Appendix 4a** shows that the opening balance at the start of 2020/21 was £16,980. The contribution this year and in future will be £5,360. The next planned expenditure from this reserve is for a replacement mower and tractor (£60k) scheduled for 2030.
- 6.5 **Cremator Repairs Reserve – Appendix 4a** shows an opening balance of £333k. The Crematorium has entered into a 5 year servicing agreement which covers the majority of the routine maintenance required by the cremators. This reserve is maintained to cover unforeseen works outside of the contract e.g. duct work, waste heat cooler etc. This situation will be kept under review.
- 6.6 **Capital Improvement Reserve – Appendix 4b** shows the contributions made from the revenue account to fund capital schemes, and in which year the scheme will take place. A detailed condition survey was undertaken in 2015 and the management improvement plan has been reviewed again in 2019 and approved by the Joint Board on 23<sup>rd</sup> May 2019. The revised management improvement plan (revenue & capital) has now been built into the budgets. This leaves a projected balance on the reserve of £735k at the end of 2023/24. It is therefore viewed that the balance of the reserve and budgeted contributions (£90k) are sufficient to meet the crematoriums medium term requirements.

## 6.8 Reserves summary

The table below shows that based on current estimates the earmarked reserves will continue to grow and it is viewed that these are sufficient to meet the Crematoriums requirements over the medium term.

<b>Reserve</b>	<b>2020/21 Original</b>	<b>2020/21 Revised</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
Mercury Abatement	941	948	1,060	1,172	1,284
Equipment	22	22	28	33	38
Cremator Repairs	333	333	333	333	333
Capital Improvement	496	515	569	645	735
Total Earmarked Reserves	1,792	1,818	1,990	2,183	2,390
Revenue Reserves	250	231	245	250	250
Total Reserves	2,042	2,049	2,235	2,433	2,640

## 7.0 REDISTRIBUTION TO CONSITUENT AUTHORITIES

7.1 The last redistribution took place in 2019/20 when £639k was redistributed.

7.2 At the Joint Board meeting on the 12<sup>th</sup> December 2016 approval was given to redistribute any surplus provided that it exceeded £100k and that the minimum working balance (£250k) was maintained in the Revenue Reserve. A re-distribution of £500k has been budgeted for this year.

7.3 Based on the number of cremations from each area over 3 years the distribution of the £500,000 would be as follows:

#### **Proposed Distribution to Constituent Authorities**

	Proportion	Share
Chesterfield	55%	£275,000
North East Derbyshire	31%	£155,000
Bolsover	14%	£70,000
Total	100%	£500,000

### **8.0 OTHER MATTERS**

8.1 The triennial review of the Crematorium's pension fund has been completed. This resulted in an increase to employer contributions in 2020/21 of 1% to 18.8% which had already been included in budgets. There was no increase to past service contributions.

### **9.0 RECOMMENDATIONS**

9.1 That the revenue estimates be approved.

9.2 That the Capital schemes be approved (para 3.4 & 6.6).

9.3 In line with the recommendation agreed at the Joint Board meeting on the 12<sup>th</sup> December 2016 that a re-distribution of £500,000 to the Constituent Authorities be approved for 2020/21.

9.4 That the planned use of reserves be approved (para 6.0).

### **10.0 Reasons for recommendations**

10.1 To enable the Crematorium to set a balanced budget and maintain adequate reserves for 2020/21 and in future years.



## Decision information

<b>Key decision number</b>	
<b>Wards affected</b>	<b>All</b>
<b>Links to Council Plan priorities</b>	To provide value for money services

## Document information

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<b>Background documents</b> These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>This must be made available to the public for up to 4 years.</i>	
<b>Annexes to the report</b>	
Annexe 1	Detailed estimates
Annexe 2	Details of major variations in 2020/21
Annexe 3	Notes on 2021/22 estimates
Annexe 4a	Reserves Forecast
Annexe 4b	Capital Improvement Reserve

