

For publication

ESTIMATES OF REVENUE EXPENDITURE & INCOME
FOR YEARS ENDING 31ST MARCH 2022 onwards

Meeting:	Chesterfield and District Joint Crematorium Committee
Date:	13 th December 2021
Cabinet portfolio:	N/A
Report by:	Bereavement Services Manager Clerk & Treasurer

For publication

1.0 PURPOSE OF REPORT

- 1.1 To present for Members consideration the Committee's revenue estimates for 2021/22 to 2024/25, as detailed in the attached appendices:

Appendix 1 - Detailed Estimates

Appendix 2 - Details of Major variations in 2021/22

Appendix 3 - Notes on 2022/23 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 12th December 2016 that a re-distribution of £600,000 to the Constituent Authorities be approved for 2021/22.

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

3.0 Revised 2021/22

3.1 In 2021/22 the Joint Crematorium will breakeven compared to the original surplus of £14,130.

3.2 Details of the variations are shown in **Appendix 2** and summarised below:

Table 1: Variances – Original to Revised 2021/22			
Para. Ref.		Amount £	Increase/(Decrease)
	Original Budget	(14,130)	
	+/- Variances in the year:		
3.3.1	Employees	14,530	Increase
3.3.2	Premises	45,520	Increase
	Transport	(1,620)	Decrease
3.3.3	Supplies & Services	17,000	Increase
	Central /Admin Support	6,180	Increase
3.3.4	Income	(83,060)	Increase
3.3.5	Increased contribution to reserves	5,600	Increase
3.3.5	Transfer from Summary Revenue Reserve	(90,020)	Increase
	Increased Re-distribution	100,000	Increase
	Revised Out-turn	0	

Source: Appendix 1

3.3 Explanation of Significant Variances

3.3.1 Employees:

- There is a projected increase of £15k on staffing. £9k of this relates to the re-deployment of staff to maintain operational capability during Covid and a further £8k is the cost of additional staffing during winter already approved by the Joint Board at the meeting on 24th May.

3.3.2 Premises:

- There is an increase of £46k on premises costs. £55k of this relates to expenditure on the crematory ventilation project (£20k), asbestos removal (£14k) and pond/woodland walk improvements (£21k), already approved by the Joint Board. A carry forward of £3k from 20/21 is also included for improvements to the Music Room. The Manager has reviewed the list of repairs/improvements scheduled for this year in the service improvement plan and decided to move the improvements to the entrance area (£10k) into 2022/23.
- 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 whether contractors are able to carry out the works. Progress on these will be reported to the Joint Board at the year-end meeting.

3.3.3 Supplies & Services:

- £9k to cover additional Covid related items such as additional cleaning, hygiene consumables etc.
- A £3k carry forward from 2020/21 to purchase new mowers has been included.
- The budget for Medical Referee fees has been increased by £4k to reflect the increase in the number of cremations.
- £4k has been added to the memorials budget due to increases in supplier costs.

- There have been minor adjustments to other budgets.

3.3.4 Income:

- The revised fee and banding structure approved at the Joint Board on 20th September 2021 has been included in the budgets. The number of cremations used in the budget assumptions has been increased from 2,000 to 2,100 to better reflect the number of cremations currently being undertaken. This has resulted in an increase in income of £80k.
- The budgets for the miscellaneous income and other sales have increased by £11k. This is to reflect the increases in pricing agreed by the Joint Board on 20th September and also increased sales of memorials.
- A budget of £14.5k has been put in place to cover the cost of the free webcasting offered from April to August 2021.
- A payment of £7k has been estimated from CAMEO.

3.3.5 Reserves

- The contribution to the Mercury Abatement Reserve has been increased by £5.6k due to the increase in cremation numbers.
- £90k excess funds retained in the Summary Revenue Reserve in 2020/21 has been brought back into the budget to assist in covering the additional expenditure on Covid and repairs.

3.3 Capital Projects

- Capital Improvement Reserve (see para 6.6) – this year there is a budgeted spend of £35.5k on new gutters, soffits/facias and air conditioning in the chapel.

4.0 ESTIMATES 2022/23

4.1 There is an estimated revenue surplus for the next financial year of **£700,000 (Appendix 1)** prior to any re-distribution after allowing for:

- Cremation fee increases across all bands (except Band A) in January 2023 of approximately 3.0%
- A pay award of 2.0% for 2022/23
- Revised cremation income based on 2,100 cremations

4.2 Expenditure to be funded from reserves

- It is proposed to spend an additional £51k from reserves in 2022/23 (see para 6.6).

5.0 MEDIUM TERM FORECASTS

5.1 The key assumptions made in producing the forecasts in Appendix 1 for 2023/24 and 2024/25 include:

- Pay awards of 2.0% for future years
- Cremation fee increases across all bands (except Band A) in 2023/24 and 2024/25 of approximately 3.0%
- Setting aside the Mercury Abatement surcharge income of £117,600 pa into a reserve for future replacements
- A revenue contribution of £90k in 2023/24 and 2024/25 into the Capital Improvement Reserve
- Re-distribution of £600k 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 2022. It was approved at the Joint Board meeting on the 12th 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 £600k to the three constituent authorities leaves a projected balance of £313k.

- 6.3 **Mercury Abatement Reserve – Appendix 4a** shows the contributions which will be made each year from income collected of £117.6k for 2021/22 onwards. The projected balance on the reserve at the end of 2021/22 is £1,094,804. 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 now over 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 2021/22 was £22,340. 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 23rd 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 £807k at the end of 2024/25. 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.

Reserve	2021/22 Original £000	2021/22 Revised £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Mercury Abatement	1,066	1,095	1,212	1,330	1,447
Equipment	28	28	33	38	44
Cremator Repairs	333	333	333	333	333
Capital Improvement	569	569	659	717	807
Total Earmarked Reserves	1,996	2,025	2,237	2,418	2,631
Revenue Reserves	245	313	262	355	476
Total Reserves	2,241	2,338	2,499	2,773	3,107

7.0 REDISTRIBUTION TO CONSITUENT AUTHORITIES

7.1 At the Joint Board meeting on the 12th 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 £600k has been budgeted for this year.

- 7.2 Based on the number of cremations from each area over 3 years the distribution of the £600,000 would be as follows:

Proposed Distribution to Constituent Authorities

	Proportion	Share
Chesterfield	55%	£330,000
North East Derbyshire	31%	£186,000
Bolsover	14%	£84,000
Total	100%	£600,000

8 OTHER MATTERS

- 8.2 Current employer pension contributions remain at 18.8% which have already been included in budgets and there are no increases 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 12th December 2016 that a re-distribution of £600,000 to the Constituent Authorities be approved for 2021/22.
- 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 2021/22 and in future years.

Appendix 2

Revised Estimate 2021/22 – Details of Major Variations		+Increase
Net Expenditure (increased by £14,130)		(Reduction)
1.	<u>Employee Expenses</u>	
	Re-deployment of staff during 1 st Covid lockdown	9,100
	Additional staffing during winter (approved)	7,680
	Overtime	-5,330
	Misc Salary cost increases	580
	Training	2,500
2.	<u>Premises Related Expenses</u>	
	Service Improvement Plan – moved to 22/23	-10,000
	Service Improvement Plan – c/fwd from 20/21	3,000
	Crematory Ventilation Project (approved)	20,000
	Pond/Woodland Walk improvements (approved)	21,000
	Asbestos Removal (approved)	14,460
	Utilities	-2,990
	Minor misc items	50
3.	<u>Transport</u>	
	Minor misc items	-1,620
4.	<u>Supplies & Services</u>	
	Medical Referee Fees	3,610
	Service Improvement Plan – c/fwd from 20/21	2,700
	Covid 19 expenditure	9,000
	Telephones	-4,600
	Memorials	4,500
	Minor misc items	1,790
5.	<u>Central Admin Support</u>	
	Increase in various recharges	6,180
6.	<u>Income</u>	
	Increase in Cremation income	(79,900)
	CAMEO income	(7,000)
	Memorial income	(12,760)
	Cost of free digital broadcasting	14,500
	Estimated reduced interest on balances	2,050
	Other	50
7.	Increase in contribution to Mercury Abatement Reserve	5,600
8.	Contribution from Summary Revenue Reserve	(90,020)
9.	Increased Re-distribution of surplus	100,000
	Total	14,130

CHESTERFIELD AND DISTRICT JOINT CREMATORIUM COMMITTEE

Notes on 2022/23 Estimates

1. Inflation

- a) Pay Award of 2.0%

2. Premises

- a) £10k included for improvements to the entrance area (see management improvement plan).

4. Income

- a) Based on 2,100 Cremations (63 at Band A, 210 at Band B & 1,827 at Band C).
- b) The estimates include a recharge to Chesterfield Borough Council for the cost of a Joint Bereavement Service.
- c) An increase to Band C cremations to £830 in 2022 and £853 in 2023.

Decision information

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

Document information

Report author	Contact number/email
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Background documents 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>	
Annexes to the report	
Annexe 1	Detailed estimates
Annexe 2	Details of major variations in 2021/22
Annexe 3	Notes on 2022/23 estimates
Annexe 4a	Reserves Forecast
Annexe 4b	Capital Improvement Reserve