

For publication

ESTIMATES OF REVENUE EXPENDITURE & INCOME FOR YEARS ENDING 31ST MARCH 2023 onwards

Meeting: Chesterfield and District Joint Crematorium
Committee
Date: 19th December 2022
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 2022/23 to 2025/26, as detailed in the attached appendices:

- Appendix 1 - Detailed Estimates
- Appendix 2 - Details of Major variations in 2022/23
- Appendix 3 - Notes on 2023/24 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 £700,000 to the Constituent Authorities be approved for 2022/23.

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

3.0 Forecast 2022/23

3.1 In 2022/23 the Joint Crematorium is expected to achieve a breakeven position in line with the original budget.

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

Table 1: Variances – Original to Forecast 2022/23			
Para. Ref.		Amount £	Increase/(Decrease)
	Original Budget	0	
	+/- Variances in the year:		
3.3.1	Employees	21,470	Increase
3.3.2	Premises	55,790	Increase
	Transport	150	Increase
3.3.3	Supplies & Services	4,730	Increase
	Central /Admin Support	(930)	Decrease
3.3.4	Income	(59,920)	Increase
3.3.5	Transfer from Summary Revenue Reserve	(21,290)	Increase
	Revised Out-turn	0	

Source: Appendix 1

3.3 Explanation of Significant Variances

3.3.1 Employees:

- There is a projected increase of £21k on staffing. £2k of this relates to the re-deployment of staff to maintain operational

resilience and a further £19k relates to increases to accommodate this year's pay award.

3.3.2 Premises:

- There is an increase of £56k on premises costs. £30k relates to carry forwards from 2021/22 in respect of the service improvement plan e.g. repairs to pond area £21k. These have already been approved by the Joint Board at the meeting on 24th May 2022. The remaining £26k relates to inflationary increases to utilities and the cremator maintenance contract.
- The Manager has reviewed the planned repairs/improvements scheduled for this year and has moved some back into 2023/24 e.g. crematory roof repairs. 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:

- £3k 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 fee increase to the cremation fees in Bands C and D is being proposed from January 2023 (see Managers Fees and Charges Report) and has been included in the budgets.
- The budgets for the miscellaneous income and other sales have increased by £6k. This is to reflect the proposed increases in the pricing of memorials etc in order to offset the increases in supplier costs outlined in para 3.3.3.
- The budget for the interest received on the Crematorium's cash balances has been increased by £46k to reflect the sharp increases in the Bank of England base rate.
- A payment of £5k has been estimated from CAMEO.

3.3.5 Reserves

- An additional £21k retained in the Summary Revenue Reserve in 2021/22 has been utilised during the year. This relates to some of the carry forwards approved by the Joint Board on 24th May 2022 (see para 3.3.2)

3.4 Capital Projects

- Capital Improvement Reserve (see para 6.6) – this year there is a budgeted spend of £125k on ventilation work in the crematory, air conditioning in the chapel, lighting/CCTV improvements in the car park and a new music system.

4.0 ESTIMATES 2023/24

4.1 There is an estimated revenue surplus for the next financial year of **£645,220 (Appendix 1)** prior to any re-distribution after allowing for:

- Cremation fee increases across Bands C and D in January 2024 of 3.0%
- A pay award of 4% for 2023/24
- Revised cremation income based on 2,100 cremations

4.2 Expenditure to be funded from reserves

- It is proposed to spend an additional of £28k 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 2024/25 and 2025/26 include:

- Pay award of 2.0% in 2024/25 and 2025/26.
- Cremation fee increases across all Bands C and D in 2024/25 and 2025/26 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 2024/25 and 2025/26 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 proposed fee increases from January 2023. 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 £700k to the three constituent authorities leaves a projected balance of £499k.

6.3 **Mercury Abatement Reserve – Appendix 4a** shows the contributions which will be made each year from income collected of £117.6k for 2022/23 onwards. The projected balance on the reserve at the end of 2022/23 is £1,226,516. 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 2022/23 was £27,700. 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 £779k at the end of 2025/26. The costs of all current major repairs/improvements have been reviewed and reflected in the revised budget and it is viewed that the balance of the reserve and budgeted contributions (£90k) are currently 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	2022/23 Original £000	2022/23 Revised £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Mercury Abatement	1,212	1,227	1,344	1,462	1,579
Equipment	33	33	38	44	49
Cremator Repairs	333	333	333	333	333
Capital Improvement	659	570	599	689	779
Total Earmarked Reserves	2,237	2,163	2,314	2,528	2,740

Revenue Reserves	262	499	545	629	741
Total Reserves	2,499	2,662	2,859	3,157	3,481

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 £700k has been budgeted for in the 2022/23 financial year.

7.2 Based on the number of cremations from each area over 3 years the distribution of the £700,000 would be as follows:

Proposed Distribution to Constituent Authorities

	Proportion	Share
Chesterfield	55%	£385,000
North East Derbyshire	31%	£217,000
Bolsover	14%	£98,000
Total	100%	£700,000

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 £700,000 to the Constituent Authorities be approved for 2022/23.

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 2022/23 and in future years.

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 2022/23
Annexe 3	Notes on 2023/24 estimates
Annexe 4a	Reserves Forecast
Annexe 4b	Capital Improvement Reserve