

Report to Portchester Crematorium Joint Committee

Date: **13 December 2021**

Report of: **Treasurer to the Joint Committee**

Subject: **REVENUE BUDGET 2022/23**

SUMMARY

This report sets out the revenue budget for 2021/22 and 2022/23, together with the repairs and renewals and capital fund contributions for 2021/22 and 2022/23 and a review of fees and charges for 2022/23. The current capital works programme for future years has also been included for information.

RECOMMENDATIONS

- (a) That the capital works programme as detailed in Appendix D be approved;
- (b) That the Joint Committee approve the proposed cremation fees and other charges as set out in Appendices B and C from 1 April 2022;
- (c) That the proposed revenue account estimates as set out in Appendix A be approved subject to the Joint Committee's decisions in respect of the recommendations (a & b) above.
- (d) That the Joint Committee considers writing to the Leader of each constituent authority to advise them of the annual payment to be received from the Portchester Crematorium Joint Committee in 2021/22 and 2022/23.

INTRODUCTION

1. The Joint Committee has in place a co-ordinated finance strategy that allows the consideration of availability of resources to finance both capital and revenue at the same time. There are a number of fundamental principles that are followed by the Joint Committee which form the basis of the finance strategy which are:
 - (i) Sufficient reserves and provisions will continue to be made to ensure that:
 - (a) no precept will be required from the constituent authorities within the foreseeable future and;
 - (b) all anticipated capital works can be funded from revenue income
 - (ii) That subject to (i) above, an optimum annual contribution be available for re-distribution to each of the constituent authorities.
2. This report has been prepared following the finance strategy principles so that members of the Joint Committee can consider in detail the financial position of Portchester Crematorium in the current year and the anticipated position in 2022/23.
3. Detailed information is set out in the various appendices to this report which cover the following:
 - Appendix A - Revised revenue budget for 2021/22 and the revenue budget for 2022/23;
 - Appendix B - Optional charges 2022/23;
 - Appendix C - Cremation fees 2022/23;
 - Appendix D - Capital works programme and funding;

BASE REVENUE BUDGET 2021/22

4. The original revenue budget for 2021/22 was set to a breakeven level, and prepared on a projected outturn basis with an allowance for price increases included within the various budget heads as appropriate.

BUDGET ISSUES

5. The main budget issue remains fluctuations in cremation numbers as shown in the following table, and the different resources required in support of these cremation numbers. Following the worst of the pandemic cremation numbers have fallen back so far this year, below that of a three year average during the summer months. The budget will be based on cremation numbers of 3,250 for the financial year 2021/22 and 2022/23.

	Cremations				
	2016/17	2017/18	2018/19	2019/20	2020/21
Cremations at nil charge (under 16)	20	26	19	28	25
Walk through cremations	80	152	168	195	374
	3,324	3,206	2,962	3,076	3,209
Total cremations	<u>3,424</u>	<u>3,384</u>	<u>3,149</u>	<u>3,299</u>	<u>3,608</u>

6. The table below shows a comparison of the 2019 and 2020 cremation numbers with the nearest crematoria. Our numbers were constant in the January to December comparison period.

Location	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2020
Chichester	1,803	2,206
Southampton	1,380	1,584
Eastleigh	1,686	1,978
Romsey	1,451	2,044
Portchester	3,179	3,478
Havant	1,917	2,230

REVISED BUDGET 2021/22 and BASE BUDGET 2022/23

7. The revised budget has been set to a break-even level. The budget variations are shown in the following table, and are explained further below.

	Actuals 2020/21	Base Estimate 2021/22	Revised Estimate 2021/22	Base Estimate 2022/23
	£	£	£	£
EMPLOYEE RELATED EXPENDITURE	292,596	322,700	316,300	312,000
PREMISES RELATED EXPENDITURE	488,704	692,000	656,300	722,100
SUPPLIES AND SERVICES	315,116	288,000	315,600	317,100
CAPITAL CHARGES	391,241	305,800	396,000	396,000
SPECIAL EXPENDITURE	1,381,237	1,090,000	1,090,000	1,090,000
GROSS EXPENDITURE	2,868,894	2,698,500	2,774,200	2,837,200
GROSS INCOME	2,868,894	2,698,500	2,774,200	2,837,200

8. Premises related expenditure in the current year has reduced overall by £35,700; from £692,000 to £656,300, and for 2022/23 has increased overall by £30,100; from £692,000 to £722,100. The 2022/23 budget for electricity, water supply and waste charges, have been increased, along with cleaning costs. The budget of £100,000 set against repairs and renewals expenditure has not been adjusted for the current financial year as this expenditure budget is fully offset by the use of the Repairs and Renewals Fund reserve to finance these works so there is no overall effect on the revenue budget deficit / surplus.
9. Supplies and services related expenditure in the current year has increased overall by £27,600; from £288,000 to £315,600, and for 2022/23 has increased overall by £29,100; from £288,000 to £317,100. Following the introduction of the Obitus system last November we have now had a full calendar year to assess the level of take up for these services and the costs incurred, and the budget has been revised to reflect that.
10. To ensure that sufficient resources are in place to finance all anticipated capital works, an annual contribution is made out of revenue income to the Committee's Capital Works Fund. As at 1 April 2021 the opening balance of this fund was £2,891,000. In order to increase the Capital Works Fund to levels that will meet future demands of the crematorium a budget of £285,000 is included for 2021/22 and £235,000 is included for 2022/23.

11. The Joint Committee also approves annually a programme of repairs and renewal work. To finance this expenditure an annual contribution is made from revenue income to the Repairs and Renewals Fund to ensure that these works are fully funded. The Repairs and Renewals Fund as at 1 April 2021 was £150,000. In order to replenish the Repairs and Renewals Fund to levels that will meet future demands of the crematorium a budget of £50,000 is included for 2021/22 and £100,000 for 2022/23.
12. Gross income in 2021/22 has increased overall by £75,700; from £2,698,500 to £2,774,200, mainly as a result of adjustments that are made to offset the impact of higher capital charges arising from depreciation. Income in 2022/23 has increased overall by £138,700; from £2,698,500 to £2,774,200. Following the introduction of the Obitus system last November we have now had a full calendar year to assess the level of take of up for these services and the income generated, and the budget has been revised to reflect that. The income from cremation fees has also been revised to reflect the proposed fee for 2022/23 of £670.00

REVIEW OF FEES & CHARGES

13. The optional charges are set out in Appendix B to this report, with considered increases from 1 April 2022 proposed against Book of Remembrance and Memorial Cards charges.
14. The cremation fees are set out in Appendix C to this report, with a £20 increase proposed for 2022/23, equating to 3.1%. This is set having due regard to cost increases for employees, utilities and other premises cost increases along with service enhancements for our customers. The fee level of £670 is still below the 2021 average cremation fee for the UK of £835.28, and the 2021 average cremation fee for Hampshire of £893. The table below shows a comparison of the January 2021 fees with the nearest crematoria:

Chichester	£1,077
Southampton	£860
Eastleigh	£945
Portchester	£650
Havant	£895

15. It is proposed to increase the current fee of £400 for walk through services to £410 in line with other increases.
16. We have not yet received notification of price increases for Obitus services from April 2022. It is anticipated that we will increase these fees in line with the additional costs we incur, and that they will be reported to the March 2022 Joint Committee.

FINANCIAL RISK ASSESSMENT

17. The revenue budget has been prepared based on a going-concern basis, taking account of current and previous year's activity as well as changes that are known to occur in the current and next financial year.
18. The Revenue Reserve is an accumulation of budget surpluses from previous years and was £157,707 as at 1 April 2021. In accordance with the Finance Strategy for 2022/23 it is prudent to maintain the level of this reserve at over £100,000 in order to provide a small retained resource to meet unforeseen fluctuations in revenue income and expenditure that are outside of the Joint Committee's control. Measures are also considered on an

on-going basis in order to preserve the Joint Committee's income streams and keep costs to a minimum. After taking into account the revised estimates for this year, and the proposed charges for 2022/23, the balance of the General Fund Revenue Reserve will not be increased.

19. The 5 year capital programme, from 2021/22 to 2025/26, is set out in Appendix D. The programme is set out as being fully funded from the existing Capital Works Fund and Repairs and Renewals Fund balances of £3,041,000 plus annual contributions over the life of the programme totalling £1,420,000. This demonstrates that the programme is heavily reliant on continued revenue contributions to the Capital Works Fund so that the programme of work can be fulfilled along with required reactive capital expenditure for mechanical equipment to maintain the crematory function. Wherever possible, steps will be taken to strengthen the Capital Works Fund balance, for example, where underspends occur in the year.

CONCLUSION

20. This report includes various amendments to the budgets which, together with the proposed increase in fees and charges, will ensure that the Joint Committee remains in a strong financial position and that sufficient reserves are built up to cover any future budget shortfall.

APPENDICES

APPENDIX A – Revenue account for the year ended 31 March 2022 and 2023

APPENDIX B – Optional charges

APPENDIX C – Cremation fees

APPENDIX D – Capital works programme

Reference Papers

- (a) Report of the Treasurer to the Portchester Crematorium Joint Committee 'Revenue Budget 2021/22 - 14 December 2020.
- (b) Report of the Treasurer to the Portchester Crematorium Joint Committee 'Annual Return For The Financial Year Ended 31 March 2021 – 21 June 2021

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For further information on this report, contact Kate Busby, 01329 824685

REVENUE BUDGET FOR THE YEAR ENDING 31 MARCH 2023

	Actual 2020/21 £	Base Estimate 2021/22 £	Revised Estimate 2021/22 £	Base Estimate 2022/23 £
EMPLOYEES				
SALARIES	210,959.10	245,500	226,100	234,800
SALARIES OVERTIME	11,062.06	5,000	10,000	5,000
AGENCY STAFF	0.00	0	10,000	0
NATIONAL INSURANCE	18,183.89	20,000	19,000	20,000
SUPERANNUATION	49,899.66	51,000	50,000	51,000
FIRST AID ALLOWANCE	80.00	200	200	200
STAFF TRAINING	1,050.00	1,000	1,000	1,000
STAFF ADVERTISING	550.00	0	0	0
RETIREMENT GIFT	811.21	0	0	0
TOTAL EMPLOYEES	292,595.92	322,700	316,300	312,000
PREMISES				
R & M OF BUILDINGS	13,537.30	13,700	13,700	13,700
REPAIRS AND RENEWALS	50,428.91	100,000	100,000	100,000
R & M OF FIXED PLANT	92,438.76	85,000	85,000	85,000
R&M OF GROUNDS	69,219.06	75,000	75,000	75,000
R&M OF GARDEN IMP.SCHEME	0.00	1,500	1,500	1,500
ELECTRICITY	49,030.47	55,000	55,000	75,000
GAS	62,837.56	110,600	75,600	110,600
RENTS - GENERAL PAYABLE	13,223.28	12,500	13,500	13,500
NATIONAL NON-DOMESTIC RATES	151,998.00	203,000	188,200	199,000
WATER CHARGES - SUPPLY (PWC)	0.00	2,000	0	0
SEWERAGE & ENV. CHARGES (SWS)	2,844.00	4,500	10,000	10,000
FIRE PRECAUTION APPLIANCES	900.16	700	700	700
CONTRACT CLEANING	21,711.35	20,000	25,000	25,000
CLEANING MATERIALS	830.05	400	1,000	1,000
TOILET REQUISITES	51.65	100	100	100
REMOVAL OF WREATHS	10,082.67	8,000	12,000	12,000
TOTAL PREMISES	539,133.22	692,000	656,300	722,100
SUPPLIES AND SERVICES				
FURNITURE & EQUIPMENT PURCHASE	9,620.57	5,000	5,000	5,000
TOOLS & EQUIPMENT	36.81	0	0	0
MATERIALS (OPERATIONAL)	540.96	100	100	100
FURNITURE & EQUIPMENT MAINTENA	10,485.44	18,400	18,400	18,400
FURNITURE & EQUIPMENT SA	630.00	1,300	1,300	1,300
PROTECTIVE CLOTHING & UNIFORMS	4,244.39	1,600	1,600	1,600
LAUNDRY	0.00	100	100	100
BOOKS AND PUBLICATIONS	333.20	400	400	400
EXTERNAL PRINTING	1,036.20	3,000	3,000	3,000
STATIONERY	2,204.57	1,500	2,500	2,500
BOOK OF REMEMBRANCE	21,182.09	15,000	20,000	20,000
MEMORIALS CARDS	4,959.03	5,000	5,000	5,000
CONSULTANTS FEES	2,230.00	1,500	1,500	1,500
ADMIN.EXPENSES - FAREHAM	38,509.51	24,000	24,000	24,000
ADMIN.EXPENSES - PORTSMOUTH	12,838.48	13,000	13,000	13,000

MEDICAL REFEREES FEES	64,962.00	59,400	59,400	59,400
ORGANISTS FEES	580.00	2,000	100	100
ENVIRONMENTAL LICENSE	772.00	800	800	800
PEST CONTROL	590.18	500	500	500
GRAPHIC DESIGN	0.00	500	500	500
POSTAGES	1,350.30	1,200	1,200	1,200
TELEPHONES	2,781.00	4,000	4,000	4,000
COMPUTER SOFTWARE	3,058.54	5,000	5,000	5,000
WEB CAST SERVICES	54,488.00	50,000	75,000	75,000
SUBSTANCE EXP - EMPLOYEES	60.60	700	700	700
COURSES/CONFRENCES (EMPLOYEES)	0.00	1,000	1,000	1,000
GRANTS AND SUBSCRIPTIONS	1,488.00	1,500	1,500	1,500
MISC INSURANCES - PREMIUM	17,391.74	18,500	17,000	18,500
ADVERTISING	0.00	500	500	500
NON RECLAIMABLE VAT	55,156.18	50,000	50,000	50,000
BANK CHARGES	1,442.90	2,000	2,000	2,000
SPECIAL EXPENDITURE	2,142.93	500	500	500
TOTAL SUPPLIES AND SERVICES	315,115.62	288,000	315,600	317,100
CAPITAL FINANCING COSTS				
DEPRECIATION	391,241.00	305,800	396,000	396,000
TOTAL CAPITAL FINANCING COSTS	391,241.00	305,800	396,000	396,000
SPECIAL EXPENDITURE				
CONTRIBUTION TO CAPITAL FUND	425,104.04	235,000	285,000	235,000
CONTRIBUTION TO REVENUE RESERVE	274.74			
PENSION INTEREST COSTS	55,000.00	75,000	75,000	75,000
CONTRIBUTION TO R & R FUND	50,428.91	100,000	50,000	100,000
PAY TO CONSTITUENT AUTHORITIES	800,000.00	680,000	680,000	680,000
TOTAL SPECIAL EXPENDITURE	1,330,807.69	1,090,000	1,090,000	1,090,000
GROSS EXPENDITURE	2,868,894.45	2,698,500.00	2,774,200	2,837,200
INCOME				
CONTRIB.FROM GARDEN IMP.FUND	0.00	-1,500	-1,500	-1,500
CAMEO TMAC INCOME	-11,471.67	0	0	0
SALE OF MEMORIAL CARDS	-8,430.85	-7,000	-7,000	-7,000
CREMATION FEES	-2,235,470.00	-2,095,000	-2,062,500	-2,123,500
BOOK OF REMEMBRANCE	-57,644.70	-55,000	-55,000	-55,000
ORGANISTS FEES	-1,644.18	-2,000	0	-2,000
WEB BROADCASTING	-33,825.01	-50,000	-70,000	-70,000
VISUAL TRIBUTES	-16,696.68	0	0	0
MISCELLANEOUS FEES & CHARGES	-6,558.00	-7,000	-7,000	-7,000
BANK INVESTMENT ACCOUNT	-483.45	-200	-200	-200
RETURN ON PENSION FUND ASS	-37,000.00	-50,000	-50,000	-50,000
CAPITAL CHARGE - ASSET RENTS	-391,241.00	-305,800	-396,000	-396,000
MOVEMENT ON PENSIONS RESERVE	-18,000.00	-25,000	-25,000	-25,000
EXP.FINANCED FROM RESERVES	-50,428.91	-100,000	-100,000	-100,000
GROSS INCOME	-2,868,894.45	-2,698,500	-2,774,200	-2,837,200

PORTCHESTER CREMATORIUM JOINT COMMITTEE

OPTIONAL CHARGES

	Charges	Proposed	%
	<u>2021/22</u>	<u>2022/23</u>	<u>Increase</u>
	£	£	
<u>BOOK OF REMEMBRANCE</u>			
(Prices include VAT)			
Single entry (2 lines)	55	57	3.64%
Double entry (5 lines)	90	93	3.33%
Double entry with badge or crest	140	145	3.57%
Treble entry (8 lines)	125	129	3.20%
Treble entry with badge or crest	175	180	2.86%
<u>MEMORIAL CARDS</u>			
(Prices include VAT)			
Single entry (2 lines)	39	40	2.56%
Double entry (5 lines)	48	50	4.17%
Double entry with badge or crest	98	100	2.04%
Treble entry (8 lines)	55	57	3.64%
Treble entry with badge or crest	105	109	3.81%
<u>USE OF ORGAN</u>			
(Prices include VAT)			
Use of Organ	35	40	14.29%
<u>OTHER</u>			
Scattering of ashes from other Crematoria	58	60	3.45%
Temporary retention of cremated remains	15	16	6.67%

Webcast Services (Prices include VAT)

2021/22

Webview	£30.00
Webcast & Live & 28day & downloadable	£45.00
Webcast Keepsake Copy (DVD/Blu-ray/USB stick)	£50.00

Visual Tribute (Prices include VAT)

Halo Photo	Free of charge
Single Photo (additional photo displayed at your time of choosing)	£12.00
Slideshow (Up to 25 photos)	£38.00
Pro Tribute (Up to 25 photos set to music)	£70.00
Family-made tribute (Checking and preparation)	£18.00
Visual Tribute Keepsake Copy (DVD/Blu-ray/USB stick)	£25.00
Visual Tribute downloadable copy	£10.00

Variances (Prices include VAT)

Each Additional Keepsake copies (DVD/Blu-ray/USB stick)	£25.00
Each extra 25 photos for 'Slideshow' or 'Pro Tribute'	£21.00
Extra work adding to the standard 'Pro Tribute'	£21.00

PORTCHESTER CREMATORIUM JOINT COMMITTEE
CREMATION FEES

	Number of Cremations 2020/21	Existing Charge 2021/22 £	Proposed Charge 2022/23 £	% Increase
A young person whose age at the time of death did not exceed 16 years	25	No charge	No charge	
A person whose age at the time of death exceeded 16 years	3,209	650	670	3.08
Walk through cremation	374	400	410	2.5

APPENDIX D

CAPITAL PROGRAMME AND FINANCING

Capital Programme	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
South Chapel New Curtains	12				
Conservatory Redecoration	6				
Water Feature Feasibility	8				
Groundsman Building Repairs	6				
North Chapel Enhancement	18				
South Chapel Flooring	10				
Cremator Area Security	8				
Office Extension improvements		15			
Staff Area improvements		10			
Waiting Room Refurbishment		30			
Signage		20			
External Redecoration		25			
Chapel Entrance Road resurfacing		25			
Lighting Replacement / Upgrades		75			
Roof Repairs / Improvements		30			
Cremator Replacement Feasibility		50			
Cremator Replacement			1500	1000	
Site Improvements					1000
TOTAL CAPITAL EXPENDITURE	68	280	1500	1000	1000
Funded by:					
Capital Works Fund					
Opening Balance at 1.4.2021	-2,891	-3,176	-3,256	-2,006	-1,256
Contribution	-285	-235	-250	-250	-250
Application	0	155	1500	1,000	1,000
Balance of Fund	-3,176	-3,256	-2,006	-1,256	-506
Repairs and Renewals Fund					
Opening Balance at 1.4.2021	-150	-132	-107	-107	-107
Contribution	-50	-100			
Application	68	125			
Balance of Fund	-132	-107	-107	-107	-107
Total Funding	68	280	1500	1000	1000