

Report to Portchester Crematorium Joint Committee

Date: **11 December 2023**

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

Subject: **REVENUE BUDGET 2024/25**

SUMMARY

This report sets out the revenue budget 2023/24 and 2024/25, together with the repairs and renewals and capital fund contributions for 2023/24 and 2024/25 and a review of fees and charges from 1 April 2024. 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 2024;
- (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 2023/24 and 2024/25.

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 2024/25.
3. Detailed information is set out in the various appendices to this report which cover the following:
 - Appendix A - Revised revenue budget for 2023/24 and the revenue budget for 2024/25
 - Appendix B - Optional charges from 1 April 2024
 - Appendix C - Cremation fees from 1 April 2024
 - Appendix D - Capital works programme and funding

BASE REVENUE BUDGET 2023/24

4. The original revenue budget for 2023/24 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 along with the rising costs for different resources required in support of these cremation numbers, in particular utility costs, and inflationary pressures with CPI being at 6.7% in September 2023.
6. The global factors affecting the cost of gas and electricity supply are having a direct impact on one of the largest costs associated with delivery of our cremation services. Gas supply costs have fallen back from October 2023 but, along with electricity supply costs, remain close to 200% higher than two years ago.
7. The budget will be based on cremation numbers of 3,100 for the financial year 2023/24 and 2024/25, with numbers so far this financial year having decreased from 2022/23.

Cremations					
	2018/19	2019/20	2020/21	2021/22	2022/23
Cremations at nil	19	28	25	20	22
Walk through cremations	168	195	374	253	189
	2,962	3,076	3,209	2,760	2,966
Total cremations	3,149	3,299	3,608	3,033	3,177

8. The table below shows a comparison of the 2021 and 2022 calendar year cremation numbers with the nearest crematoria.

Location	1 Jan – 31 Dec 2021	1 Jan – 31 Dec 2022
Chichester	2,248	2,191
Southampton	1,606	1,403
Eastleigh	2,130	2,229
Romsey	1,813	1,794
Portchester	3,264	3,118
Havant	2,236	2,253

REVISED BUDGET 2023/24 and BASE BUDGET 2024/25

9. 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 2022/23	Base Estimate 2023/24	Revised Estimate 2023/24	Base Estimate 2024/25
	£	£	£	£
EMPLOYEE RELATED EXPENDITURE	338,920	349,300	355,000	389,900
PREMISES RELATED EXPENDITURE	704,626	1,011,500	935,500	980,900
SUPPLIES AND SERVICES	404,523	329,900	348,500	360,200
CAPITAL CHARGES	391,241	400,000	400,000	400,000
SPECIAL EXPENDITURE	931,510	1,090,000	1,145,000	1,295,000
GROSS EXPENDITURE	2,770,820	3,180,700	3,084,000	3,326,000
Operating Income	2,287,255	2,605,700	2,509,000	2,751,000
Financing and Reserve Adjustments	483,565	575,000	575,000	575,000
GROSS INCOME	2,770,820	3,180,700	3,084,000	3,326,000

10. Employee related expenditure in the current year has been increased by £5,700 to take account of the proposed pay award and associated Pension and National Insurance Costs. The increase for 2024/25 is £40,600.
11. Premises related expenditure in the current year has decreased overall by £76,000; from £1,011,500 to £935,500 and for 2024/25 has decreased overall by £30,600; to £980,900. The budgets for gas and electricity have been adjusted in line with the rates notified by our suppliers, as set out in paragraph 6. Water supply and waste charges have been reduced in line with actual meter readings provided. The budget for National Non-Domestic Rates has been increased in line with September CPI of 6.7%. The programme

of works for the budget of £100,000 set against repairs and renewals expenditure is detailed in the Capital Programme at Appendix D.

12. Supplies and services related expenditure in the current year has increased overall by £18,600 from £329,900 to £348,500 and for 2024/25 has increased overall by £30,300; to £360,200.
13. 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 2023 the opening balance of this fund was £3,207,600. In order to increase the Capital Works Fund to levels that will meet the level required for the cremator replacement and associated building works programme a budget of £500,000 is included for 2023/24 and £650,000 is included for 2024/25.
14. 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. As at 1 April 2023 the opening balance of this fund was £113,589. In order to replenish the Repairs and Renewals Fund to levels that will meet future demands of the crematorium a budget of £70,000 is included for 2023/24 and £70,000 for 2024/25.
15. Gross income in 2023/24 has decreased overall by £96,700; from £3,180,700 to £3,084,000, mainly as a result of a fall in cremation numbers over the summer months of 2023. Budgeted income in 2024/25 has increased overall to £3,326,000.

REVIEW OF FEES & CHARGES

16. The optional charges are set out in Appendix B to this report, with considered increases where appropriate from 1 April 2024. There has been a review of the new charges that were introduced a year ago and there is a reduction in the charge for an additional Garden Plan as the introductory charge level seems to have reduced uptake of these.
17. The cremation fees are set out in Appendix C to this report, with a £75 increase proposed from 1 April 2024, equating to 10%. 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 increase is kept lower than the rate of increased costs we have experienced over the last two years which are set out earlier in the report. The fee level of £825 for 2024 is still below the 2023 average cremation fee for the UK of £895, and the January 2023 average cremation fee for Hampshire of £972. The table below shows a comparison of the 2023 fees with the nearest crematoria:

Chichester	£1,070
Southampton	£990
Eastleigh	£1,075
Portchester	£750
Havant	£925

18. It is proposed to maintain for 2024/25 the current fee of £450 for Walk Through Services.
19. The schedule of charges for garden memorials was approved by the Joint Committee in September 2023 and are included for information in Appendix B.

FINANCIAL RISK ASSESSMENT

20. 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.
21. The Revenue Reserve is an accumulation of budget surpluses from previous years and was £157,707 as at 1 April 2023. In accordance with the Finance Strategy for 2023/24 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 from 1 April 2024, the balance of the General Fund Revenue Reserve will not be increased.
22. The 5 year capital programme, from 2023/24 to 2027/28, 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 £3,321,200 plus annual contributions over the life of the programme totalling £2,790,000. 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. Wherever possible, steps will be taken to strengthen the Capital Works Fund balance, for example, where underspends occur in the year.

CONCLUSION

23. 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 2024 and 2025

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 2023/24 - 12 December 2022
- (b) Report of the Treasurer to the Portchester Crematorium Joint Committee 'Annual Return For The Financial Year Ended 31 March 2023 – 26 June 2023
- (c) Report of the Manager and Registrar to the Portchester Crematorium Joint Committee 'Memorial Tree Fees and Charges' – 25 September 2023

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Treasurer to the Joint Committee
Civic Offices, Fareham

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

APPENDIX A

REVENUE BUDGET FOR THE YEAR ENDING 31 MARCH 2025

	Actual £ 2022/23	Base Estimate £ 2023/24	Revised Estimate £ 2023/24	Base Estimate £ 2024/25
EMPLOYEES				
Salaries - Basic Pay	242,150.58	258,600.00	266,000.00	292,600.00
Salaries - Overtime	9,665.47	5,000.00	5,000.00	5,000.00
National Insurance	26,177.41	24,300.00	29,000.00	31,900.00
Pension Costs - Variable Eleme	48,974.11	60,200.00	54,000.00	59,400.00
First Aid Allowance	0.00	200.00	0.00	0.00
Severance Payments	9,200.00	0.00	0.00	0.00
Medical Expenses	202.50	0.00	0.00	0.00
Training Courses Employees	2,550.00	1,000.00	1,000.00	1,000.00
TOTAL EMPLOYEES	338,920.07	349,300	355,000	389,900
PREMISES				
R&M of Buildings	34,046.77	13,700.00	15,000.00	15,000.00
General Repairs	1,859.65	0.00	0.00	0.00
R&M of Fixed Plant	85,526.58	85,000.00	90,000.00	95,000.00
R&M of Grounds	76,818.99	75,000.00	82,000.00	90,000.00
R&M of Hardstanding Areas	7,165.00	0.00	0.00	0.00
R&M of Garden Imp. Scheme	6,855.96	1,500.00	1,500.00	1,500.00
R&M Footpaths	0.00	0.00	7,500.00	0.00
BM Recharge	0.00	0.00	200.00	0.00
Electricity	97,017.53	150,000.00	125,000.00	130,000.00
Gas	164,288.25	330,000.00	250,000.00	265,000.00
Rents - General Payable	13,223.28	13,500.00	13,500.00	15,000.00
National Non-Domestic Rates	188,160.00	199,000.00	212,500.00	229,500.00
Water Charges	1,243.00	5,000.00	1,000.00	1,000.00
Fire Precaution Appliances	1,280.29	700.00	700.00	700.00
Contract Cleaning - General	15,432.43	25,000.00	23,400.00	25,000.00
Cleaning Materials	444.56	1,000.00	1,000.00	1,000.00
Toilet Requisites	0.00	100.00	200.00	200.00
Refuse Collection	11,263.65	12,000.00	12,000.00	12,000.00
TOTAL PREMISES	704,625.94	911,500	835,500	880,900
SUPPLIES AND SERVICES				
Furniture & Equipment Purchases	17,760.67	5,000.00	10,000.00	5,000.00
Materials - Operational	0.00	100.00	100.00	100.00
Furniture & Equipment - Maintenance	17,012.93	10,000.00	10,000.00	10,000.00
Furniture & Equipment - Service Agreement	640.00	1,000.00	1,000.00	1,000.00
Protective Clothing & Uniforms	2,918.41	1,600.00	5,000.00	2,000.00
Laundry	0.00	100.00	0.00	0.00
Books & Publications	0.00	400.00	400.00	400.00
External Printing	2,593.40	2,000.00	2,000.00	2,000.00
Stationery	2,469.40	3,500.00	2,000.00	3,200.00
Book of Remembrance	21,210.14	20,000.00	20,000.00	22,000.00
Memorials Cards	3,482.11	5,000.00	5,000.00	5,000.00
Legal Fees	500.00	0.00	0.00	0.00
Consultants Fees	49,803.00	1,500.00	1,500.00	1,500.00
Medical Referees Fees	57,186.00	59,400.00	55,800.00	55,800.00
Admin Expenses - Fareham	17,699.10	24,000.00	24,000.00	24,000.00

Other Services - Surveys	660.00	0.00	0.00	0.00
Pest Control	1,430.67	500.00	1,500.00	1,500.00
Organists Fees	0.00	100.00	0.00	0.00
Admin Expenses - Portsmouth	14,599.26	13,000.00	16,500.00	18,000.00
Environmental License	778.00	800.00	800.00	800.00
Graphic Design Service	0.00	500.00	500.00	500.00
Other Services	223.97	500.00	500.00	500.00
Postages	1,222.90	1,200.00	1,200.00	1,200.00
Telephones	3,511.69	4,000.00	4,000.00	4,000.00
ICT Computer Software	18,659.59	12,500.00	12,500.00	12,500.00
Web Cast Services	82,412.00	85,000.00	90,000.00	100,000.00
Subsistence Exp - Employees	139.12	700.00	200.00	200.00
Grants & Subscriptions	1,983.00	1,500.00	1,500.00	1,500.00
Misc Insurances - Premium	20,891.32	23,500.00	20,000.00	25,000.00
Advertising	0.00	500.00	500.00	500.00
Non Reclaimable VAT	62,772.10	50,000.00	60,000.00	60,000.00
Bank Charges	1,965.02	2,000.00	2,000.00	2,000.00
TOTAL SUPPLIES AND SERVICES	404,523.80	329,900	348,500	360,200

CAPITAL FINANCING COSTS

Depreciation	391,241.00	400,000.00	400,000.00	400,000.00
TOTAL CAPITAL FINANCING COSTS	391,241.00	400,000	400,000	400,000

SPECIAL EXPENDITURE

Pay to Constituent Authorities	680,000.00	680,000.00	400,000.00	400,000.00
Pensions Interest Cost	76,000.00	75,000.00	75,000.00	75,000.00
Contribution to Capital Fund	159,000.00	265,000.00	500,000.00	650,000.00
Contribution to R & R Fund	0.00	70,000.00	70,000.00	70,000.00
Direct Revenue Financing	16,509.65	100,000.00	100,000.00	100,000.00
TOTAL SPECIAL EXPENDITURE	931,509.65	1,190,000	1,145,000	1,295,000

GROSS EXPENDITURE

2,770,820.46	3,180,700.00	3,084,000.00	3,326,000.00
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INCOME

Contrib from Garden Imp Fund	-3,789.67	-1,500.00	-1,500.00	-1,500.00
SMP Recovery (92%)	-720.64	0.00	0.00	0.00
Cameo TMAC Income	-8,370.23	0.00	0.00	0.00
Cremation Fees	-2,064,710.00	-2,320,500.00	-2,265,000.00	-2,491,500.00
Book of Remembrance	-55,473.31	-55,000.00	-55,000.00	-60,500.00
Organists Fees	-1,733.29	-2,000.00	-2,000.00	-2,500.00
Web Broadcasting Services	-88,687.51	-92,500.00	-98,500.00	-108,000.00
Memorial Cards	-5,314.15	-7,000.00	-7,000.00	-7,000.00
Miscellaneous Fees & Charges	-14,478.00	-27,000.00	-20,000.00	-20,000.00
Interest on Investments	-43,978.67	-100,200.00	-60,000.00	-60,000.00
Return on Pension Fund Ass	-59,000.00	-50,000.00	-50,000.00	-50,000.00
Excess of Depreciation over MRP	-391,241.00	-400,000.00	-400,000.00	-400,000.00
Movement on Pensions Reserve	-17,000.00	-25,000.00	-25,000.00	-25,000.00
Exp. Financed from Reserves	-16,509.65	-100,000.00	-100,000.00	-100,000.00

GROSS INCOME

-2,771,006.12	-3,180,700	-3,084,000	-3,326,000
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NET EXPENDITURE

-185.66	0.00	0.00	0.00
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PORTCHESTER CREMATORIUM JOINT COMMITTEE

OPTIONAL CHARGES

	Charges		Proposed Charges	Increase
	<u>2023/24</u>	<u>2024/25</u>		
	£	£		%
<u>BOOK OF REMEMBRANCE</u> (Prices include VAT)				
Single entry (2 lines)	63	66		4.8
Double entry (5 lines)	105	110		4.8
Double entry with badge or crest	160	168		5.0
Treble entry (8 lines)	145	155		6.9
Treble entry with badge or crest	200	210		5.0
<u>MEMORIAL CARDS</u> (Prices include VAT)				
Single entry (2 lines)	44	46		4.5
Double entry (5 lines)	55	58		5.5
Double entry with badge or crest	110	115		4.5
Treble entry (8 lines)	63	66		4.8
Treble entry with badge or crest	120	125		4.2
<u>USE OF ORGAN</u> (Prices include VAT)				
Use of Organ	44	46		4.5
<u>OTHER</u> (Prices are exempt from VAT)				
Scattering of ashes from other Crematoria	66	70		6.0
Temporary retention of cremated remains	17	18		5.9
<u>NEW CHARGES PROPOSED</u> (Prices include VAT)				
Administration Fee for provision of additional Cremation Certificate	15	15		NIL
Administration Fee for provision of additional Garden Plan	15	10		-33.3
Administration Fee for provision of genealogy information (price on application, minimum charge applies)	35	37		5.7
Provision of Bearer services	20	21		5.0

Product Name	Product Description	PCJC Charge
TRIBUTES		inc VAT £
Single Photo	A picture of the deceased that can be shown on your venue's screens throughout the service, or at a selected time.	Free
Basic Slideshow	Photo slideshow of up to 25 photos with simple transitions that can be set to loop. This option does not include music.	49
Music Tribute (Formerly Pro Tribute)	A beautifully crafted Tribute of up to 25 photos, timed to a chosen piece of music with fade transitions.	75
Themed Tribute	Choose from a range of curated themes and have up to 25 photos professionally edited and timed to a chosen piece of music..	95

EXTRAS		
Extra Single Photo	A surcharge for any additional holding images beyond the Single Photo.	13
Tribute Download	A downloadable version of the Music or Themed Tribute to keep forever.	11
Extra Tribute Photos	For each extra 25 photos on a visual tribute.	25
Extra Work Charge	A fee that is applied to any of the standard products for additional work outside the norm, e.g. adding a video to a Tribute.	25
Family Supplied Tribute	Family Supplied video/photo Tribute used as received with basic quality checks performed by the Obitus team.	30

STREAMING		
Live & On Demand	A professionally live streamed service so that people can still watch and pay their respects virtually. With Live & On Demand, families can share the secure link with others to watch as it's happening with the option to view online for a further 28 days. A downloadable file is also available. Live Only version available upon request for £22.	54

KEEPSAKES		
DVD or USB	A one-of-a-kind memento to keep forever. A DVD or USB Keepsake copy of the service, Tribute or both, in a personalised grey linen case.	55

EXTRAS		
Second Copies	Any additional copies of the keepsake range can be bought at a reduced price. DVD or USB	30

Services for Young People		
Live & On Demand, Single Photo and Basic Slideshow	For young people under the age of 18, we offer free Live & On Demand Streaming, a Single Photo and a Basic Slideshow of up to 25 photos. Alternatively, the value of these products can be credited against a more premium option if preferred.	Free

Product Name	Product Description	PCJC Charge inc VAT £
Memorial Tree Maple Leaf	Acrylic Maple Leaf Memorial Plaque, including 5 line inscription and 5 year Licence period	300
Licence Renewal	Renewal of Licence, after 5 years, for a further 5 year period	174
Replacement Leaf	Ordering a replacement plaque when renewing the Licence.	126

PORTCHESTER CREMATORIUM JOINT COMMITTEE

CREMATION FEES

	Number of Cremations	Existing Charge	Proposed Charge	% Increase
	2022/23	2023/24	2024/25	Increase
		£	£	
A young person whose age at the time of death did not exceed 18 years	22	No charge	No charge See Note 1	
A person whose age at the time of death exceeded 18 years	2,966	750	825	10.0
Walk through cremation	189	450	450	NIL
Cremation of clinical waste and remains received from hospitals		200	220	10.0

Notes

Note 1 – Charges for a young person under 18 years old will be free to customers at the point of need. The charges, which are the same as for other cremations, are reimbursed to Portchester Crematorium by the Children’s Funeral Fund administered by Department for Work and Pensions.

APPENDIX D

CAPITAL PROGRAMME AND FINANCING

Capital Programme	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Staff Area improvements		10			
Waiting Room Refurbishment	62				
Signage	20				
Chapel Entrance Road resurfacing	30				
Roof Repairs / Improvements	75				
Lighting Replacement / Upgrades		75			
External Redecoration	25				
Bulk Store for Grounds Maintenance	15				
Garden Shelter Refurbishment	10				
Garden Wood Carving Installations	10				
Garden Memorial Installations	50				
Fountain Removal		75			
Cremator Replacement	150	1700	1700		
Cremator Building Work		800	200		
Site Improvements			500	500	
TOTAL CAPITAL EXPENDITURE	447	2660	2400	500	0
Funded by:					
Capital Works Fund					
Opening Balance at 1.4.2023	-3,208	-3,341	-1,416	484	484
Contribution	-500	-650	-500	-500	-500
Application	367	2,575	2,400	500	0
Balance of Fund	-3,341	-1,416	484	484	-16
Repairs and Renewals Fund					
Opening Balance at 1.4.2023	-114	-104	-89	-89	-89
Contribution	-70	-70			
Application	80	85			
Balance of Fund	-104	-89	-89	-89	-89
Total Funding	447	2,660	2,400	500	0