

**Report of Treasurer of Joint Crematorium Committee
To
Mansfield and District Joint Crematorium Committee
On
6 December 2021**

REVENUE AND CAPITAL BUDGET 2022/2023 – 2024/2025

1. SUMMARY

- 1.1 This report details the revenue and capital budgets for 2022/2023 and the proposals for 2023/2024 and 2024/2025.

2. RECOMMENDATIONS

To be resolved:

- i). That the proposed revenue and capital budgets for 2022/2023 are approved, as per appendix 1.
- ii). That the proposed revenue and capital budgets for 2023/2024 and 2024/2025 are approved in principle, as per appendix 1.
- iii) That in 2022/2023 an annual surplus of £875,000 is approved.
- iv) That in 2023/2024 and 2024/2015 an annual surplus of £875,000 is approved in principle.

3. BACKGROUND

- 3.1 The proposed budgets for 2022/2023 and 2023/2024 and those originally approved are detailed in Appendix 1 along with the estimates for 2024/2025 for consideration by the Joint Committee.
- 3.2 This report is written on the basis that whichever option the JCC approve with regard to the future of the Crematorium buildings and fixed plant, these budget proposals include the estimated maximum development costs.
- 3.3 A review of the budgets for 2023/2024 onwards will take place prior to the setting of the revenue budgets in 2022, in order to update for any known changes and identify future savings and efficiencies as required.
- 3.4 Table 1 below summarises the revenue budget information provided in Appendix 1.

Table 1

Crematorium - REVENUE	2021/2022	2022/2023		2023/2024		2024/2025
Account Description	Approved Budget	Budget Approved in Principle	Projected Budget	Budget Approved in Principle	Projected Budget	Projected Budget
Employee Expenses	£405,647	£423,439	£424,241	£443,355	£441,526	£450,012
Premises Expenses	£351,130	£372,327	£369,305	£378,609	£373,745	£379,208
Transport Expenses	£200	£200	£200	£204	£204	£208
Supplies and Services	£185,897	£136,154	£207,589	£136,328	£213,097	£208,605
Support Services	£64,356	£65,493	£65,343	£66,653	£66,500	£67,680
Depreciation, Impairment & Revaluation Losses	£126,271	£126,271	£126,271	£126,271	£126,271	£126,271
Capital Charges	£0	£0	£0	£0	£190,500	£254,000
GROSS EXPENDITURE	£1,133,501	£1,123,884	£1,192,949	£1,151,420	£1,411,843	£1,485,984
Income	-£1,839,650	-£1,927,850	-£1,963,950	-£2,018,150	-£2,054,250	-£2,148,750
Income Recharges	-£26,562	-£27,947	-£29,051	-£29,320	-£29,913	-£30,538
GROSS INCOME	-£1,866,212	-£1,955,797	-£1,993,001	-£2,047,470	-£2,084,163	-£2,179,288
NET COST OF SERVICE	-£732,711	-£831,913	-£800,052	-£896,050	-£672,320	-£693,304
BELOW NET COST OF SERVICE ADJUSTMENTS	-£80,071	-£42,926	-£74,948	£21,211	-£202,680	-£181,696
NET SURPLUS	-£812,782	-£874,839	-£875,000	-£874,839	-£875,000	-£875,000

3.5 Following a detailed review of income and expenditure there have been some adjustments made to the budgets which were approved in principle for 2022/2023 and 2023/2024 by the Joint Committee on 22 February 2021. The main changes are as follows:

3.5.1 Employee expenses have increased by £802 in 2022/2023 and decreased by (£1,829) in 2023/2024. The main increases are due to incremental salary grade increases for recent starters, central governments increase to national insurance contributions, which have been partially offset by a reduction in the overtime budget due to rota changes.

3.5.2 Premises expenses have decreased by (£3,022) in 2022/2023 and by (£4,864) in 2023/2024. The main reductions relate to minor changes in the estimates for business rate, reduced water rate charges and the insurance premium.

3.5.3 Transport expenses remain unchanged.

3.5.4 Supplies and services budgets have increased by £71,435 in 2022/2023 and by £76,769 in 2023/2024. The main increases relate to new £60,000 budgets in 2023/2024 and 2024/2025 for CAMEO non-abatement feed. This is to cover the non-abatement annual fees until abatement equipment is installed and fully operational. Other increases in expected expenditure

includes bio box purchases, mobile phones for staff for on-site safety, annual asset valuations during times of large capital spend and the potential use of other crematoria for extra-large coffins.

Webcasting expenditure budgets have been increased by £10,000 due to the continuing demand for this service, these costs are covered by increased income from fees and charges of (£15,000).

Memorial/temporary memorial expenditure budgets have been increased by £10,134 in 2022/2023 & £15,134 in 2023/2024 as new memorial lines were approved by the JCC in Sept 2021, these costs are covered by increased income from fees and charges of (£32,700) in both 2022/2023 and 2023/2024.

Increases in costs are partially offset by decreases in the following expenditure budgets - uniforms, printing, advertising, software licences, postage, telephones, subscriptions and book of remembrance subscriptions. The organist fee budget has also been reduced by (£4,500) however this will result in fees and charges income reducing by £6,750.

3.5.5 There are minor changes to the support services budgets.

3.5.6 The proposed budget for depreciation remains unchanged and reflects the latest asset revaluation in 2018/2019.

3.5.7 Capital charges, these are the repayment costs for borrowing up to £4.7m for the development of the crematorium. Whichever option is chosen it is envisaged that in 2022/2023 costs for architects, consultancy and planning fees etc. will be incurred which can be financed from current usable reserves.

It is forecast that borrowing will be required during 2023/2024 if building works commence. It is difficult at this stage to predict the level of capital charges required in 2023/2024 so this has been estimated at 75% of the first year's annual MRP and interest capital charges at £190,500. If the capital charges in 2023/2024 are lower than the £190,500 budget, then any unused budget will be transferred to the capital fund.

A full year capital charges of £254,000 have been included in 2024/2025.

3.5.8 There is an increase in income of (£36,100) in 2022/2023 and in 2023/2024. This is mainly due to the increases in memorial income and webcasting charges due to new memorials being acquired and the continuing demand for the webcasting service. Income budgets have reduced for container sales, organist charges and the number of public health funerals for which an admin fee can be charged.

The budget estimate for cremation fee income has reduced by £2,100 in both years, due to the proposed fee for both years being £1 less per funeral that used in the calculations last financial year.

The interest income on bank balances has also reduced due to the very low interest rates.

- 3.5.9 The forecast number of cremations remains the same as proposed at 2,100 per annum. Cremation fee income is based on a 5% fee increase on the 2021/2022 fee of £817 taking the cremation fee up to £858 in 2022/2023 (an increase of £41).
- 3.5.10 The recharge to Cemeteries for Crematorium staff time has been reviewed in line with the proposed manpower budgets resulting in increases of (£1,104) in 2022/2023 and (£593) in 2023/2024.
- 3.5.11 The below net cost of service costs for depreciation remains unchanged for 2022/2023.

The transfer of the 3% fee increase in 2020/2021 to the capital fund has been removed as this was to transfer part of the cremation fee income to the usable reserves to assist with the financing of the previous 20 year planned preventative works capital programme. Due to the proposed development of the crematorium options this transfer is no longer required and all the cremation fee income will remain in the revenue accounts.

It is forecast that capital charges to finance borrowing for the development of the crematorium will not commence until 2023/2024. The forecast surplus for 2022/2023 is capped at £875,000 and that the excess surplus of £51,323 is transferred to the capital fund until all costs for any development of the crematorium are determined.

In 2023/2024 & 2024/2025 a contribution of £76,409 and £55,245 respectively is to be made from general reserves to the revenue accounts to finance the CAMEO abatement fee expenditure and to maintain annual surplus levels of £875,000.

- 3.6 Capital Budgets – Appendix 1 provides details of the proposed capital budgets for 2022/2023 – 2023/2024 and the projected capital budget for 2024/2025. The capital budget for the development of the crematorium is forecast to be the maximum cost for whichever option is approved by the JCC.

The full budget for the development of the crematorium has been allocated to 2022/2023 however the majority of the costs will be in future years with the budget being carried forward at the end of each financial year for the period of the project.

- 3.6.1 Borrowing will be undertaken to finance whichever development option is approved by the JCC. The capital charges budgets are inclusive of interest and repayment costs and are based on borrowing over 40 years for building works and 20 years for fixed plant/cremator costs.

3.6.2 The usable reserves of the crematorium comprise of general reserves and the capital fund. Table 2 below shows the forecast balances of the usable reserves for the next 3 years.

3.6.3 Due to the condition of the current cremators, there may be a requirement to hire temporary cremators before any new cremators become operational. A provision has been made in the general reserves for £198,000 which would cover the forecasted costs of hiring 2 cremators for a 6 month period. These funds will only be used if required.

Table 2

USABLE RESERVES	
General Reserve Forecast Balance 31 March 2022	£493,952
Less Provision for Temporary Cremators (see 3.6.3)	-£198,000
Less Contributions to revenue 2023/2024 (see 3.5.11)	-£76,409
Less Contributions to revenue 2024/2025 (see 3.5.11)	-£55,425
General Reserve Forecast Balance 31 March 2025	£164,118
Capital Fund Forecast Balance 31 March 2022	£403,849
Add Excess Revenue Surplus 2022/2023 (see 3.5.11)	£51,323
Capital Fund Forecast Balance 31 March 2025	£455,172
TOTAL USABLE RESERVES forecast 31 March 2025	£619,290

The levels held in usable reserves will be under review as the development of the crematorium is progressed.

3.7 VAT Implications

Each constituent authority is to account for income and expenditure between the partners on an annual throughput basis, so that each authority can account for only their share in their VAT partial exemption calculations, thus reducing the risk of an authority breaching its test of insignificance for partial exemption. Each constituent authority will need to review how the development of the crematorium will impact on their VAT partial exemption calculations.

4. RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS

Risk	Risk Assessment	Risk Level	Risk Management
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Financial - That the figures contained within the proposed budgets for income and expenditure is inaccurate.	That the calculations have been made incorrectly. There is a great deal of work involved in bringing the information together and errors may occur.	Medium	A quality check is undertaken throughout the process and error identified.
Reputational	That the proposed budgets damage the reputation of the Joint Crematorium Committee.	Low	The proposed budgets are reviewed by the Director/Registrar and Treasurer to the Mansfield and District Crematorium prior to recommendation to the Joint Crematorium Committee. The proposals are in line with the Joint Crematorium Committee corporate priorities.
That capital expenditure is not spent in accordance with the proposed capital budgets and will impact on the partial exemption calculation of the constituent authorities.	That the Crematorium has not budgeted for the resources to pay for additional expenditure if the 5% partial exemption calculation for any of the constituent authorities is exceeded.	Medium	Regular updates from the Director and Registrar of the Mansfield and District Crematorium are received on the capital budgets and any likely changes to these are highlighted on a timely basis for consideration of the impact on the partial exemption calculations.

5. ALIGNMENT TO COMMITTEES PRIORITIES

This report is directly aligned to ensuring effective management of the Crematorium.

6. IMPLICATIONS RELATING TO RELEVANT LEGISLATION

(a) Relevant Legislation:

The JCC's budget adheres to the following legislation:

- Local Government Act 1972
- Local Government Finance Act 1972
- Local Government Finance Act 1988
- Local Government and Housing Act 1989

- Local Authorities (Functions and Responsibilities) (England) Regulations 2000
- The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003
- Regulation 3 of the Local Audit (Smaller Authorities) Regulations 2015.

- (b) Human Rights: No impact
- (c) Equality and Diversity: No impact.
- (d) Climate change and environmental sustainability: The Environmental Permitting (England and Wales) Regulations 2017 – the Environmental Protection (England) (Crematoria Mercury Emissions Burden Sharing Certifications) Direction 2010.
- (e) Crime and Disorder: No impact.
- (f) Budget/Resources : Contained within the body of this report

7. CONSULTATION

Head of Neighbourhoods

8. BACKGROUND PAPERS

None.

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Account Description	2021/2022	2022/2023				2023/2024				2024/2025			
	Latest Approved Budget	Base Budget Appr.in Principle	Budget Additions	Budget Reductions	Projected Budget	Base Budget Appr.in Principle	Budget Additions	Budget Reductions	Projected Budget	Base Budget Appr.in Principle	Budget Additions	Budget Reductions	Projected Budget
Waste Collection Skips	£1,000	£1,000	£0	£0	£1,000	£1,000	£0	£0	£1,000	£1,000	£0	£0	£1,000
Medical Examination Fees	£38,850	£38,850	£0	£0	£38,850	£38,850	£0	£0	£38,850	£38,850	£0	£0	£38,850
Payments to Local Authorities	£6,862	£6,999	£8	£0	£7,007	£7,139	£8	£0	£7,147	£7,139	£141	£0	£7,280
Software Licences	£11,980	£11,980	£0	-£1,902	£10,078	£11,980	£0	-£1,700	£10,280	£11,980	£0	-£1,494	£10,486
Mobile Phones	£0	£0	£320	£0	£320	£0	£320	£0	£320	£0	£320	£0	£320
Postages	£2,800	£2,800	£0	-£800	£2,000	£2,800	£0	-£800	£2,000	£2,800	£0	-£800	£2,000
Systems Software	£300	£300	£0	£0	£300	£300	£0	£0	£300	£300	£0	£0	£300
Telephones	£10,300	£10,300	£0	-£2,015	£8,285	£10,300	£0	-£1,849	£8,451	£10,300	£0	-£1,680	£8,620
Webcasting	£5,000	£5,000	£10,000	£0	£15,000	£5,000	£10,000	£0	£15,000	£5,000	£10,000	£0	£15,000
Conference Expenses	£1,000	£1,000	£0	£0	£1,000	£1,000	£0	£0	£1,000	£1,000	£0	£0	£1,000
Subscriptions	£1,649	£1,682	£0	-£282	£1,400	£1,716	£0	-£316	£1,400	£1,716	£0	-£316	£1,400
Book of Remembrance Inscriptions	£9,028	£9,028	£0	-£1,028	£8,000	£9,028	£0	-£1,028	£8,000	£9,028	£0	-£1,028	£8,000
External Legal Expenses - valuation	£1,500	£0	£1,500	£0	£1,500	£0	£1,500	£0	£1,500	£0	£1,500	£0	£1,500
Memorials inc new memorial lines	£0	£0	£22,099	£0	£22,099	£0	£27,099	£0	£27,099	£0	£22,099	£0	£22,099
Other Expenses General	£500	£500	£0	£0	£500	£500	£0	£0	£500	£500	£0	£0	£500
Temporary Memorials (Tfr to Memorials)	£11,965	£11,965	£0	-£11,965	£0	£11,965	£0	-£11,965	£0	£11,965	£0	-£11,965	£0
Organist Fees	£7,500	£7,500	£0	-£4,500	£3,000	£7,500	£0	-£4,500	£3,000	£7,500	£0	-£4,500	£3,000
CAMEO Non Abatement Fees	£33,413	£0	£60,000	£0	£60,000	£0	£60,000	£0	£60,000	£0	£60,000	£0	£60,000
SUPPLIES & SERVICES	£185,897	£136,154	£97,427	-£25,992	£207,589	£136,328	£102,427	-£25,658	£213,097	£136,328	£97,560	-£25,283	£208,605
Design Services	£7,500	£7,500	£0	£0	£7,500	£7,500	£0	£0	£7,500	£7,500	£0	£0	£7,500
Trade Waste/Recycling	£7,496	£7,646	£0	-£150	£7,496	£7,799	£0	-£153	£7,646	£7,799	£0	£0	£7,799
Central Corporate Overheads	£49,360	£50,347	£0	£0	£50,347	£51,354	£0	£0	£51,354	£51,354	£1,027	£0	£52,381
SUPPORT SERVICES	£64,356	£65,493	£0	-£150	£65,343	£66,653	£0	-£153	£66,500	£66,653	£1,027	£0	£67,680
Depreciation, Impairment & Revaluation Losses	£126,271	£126,271	£0	£0	£126,271	£126,271	£0	£0	£126,271	£126,271	£0	£0	£126,271
DEPRECIATION & IMPAIRMENT	£126,271	£126,271	£0	£0	£126,271	£126,271	£0	£0	£126,271	£126,271	£0	£0	£126,271
MRP and Interest Charges	£0	£0	£0	£0	£0	£0	£190,500	£0	£190,500	£0	£0	£254,000	£254,000
CAPITAL CHARGES	£0	£0	£0	£0	£0	£0	£190,500	£0	£190,500	£0	£0	£254,000	£254,000
TOTAL EXPENDITURE	£1,133,501	£1,123,884	£102,191	-£33,126	£1,192,949	£1,151,420	£295,021	-£34,598	£1,411,843	£1,151,420	£113,312	£221,252	£1,485,984
Book of Remembrance Inscriptions	-£20,000	-£20,000	£0	£0	-£20,000	-£20,000	£0	£0	-£20,000	-£20,000	£0	£0	-£20,000
Containers	-£350	-£350	£150	£0	-£200	-£350	£150	£0	-£200	-£350	£150	£0	-£200
Memorials inc new memorial lines	-£42,000	-£42,000	£0	-£28,700	-£70,700	-£42,000	£0	-£28,700	-£70,700	-£42,000	£0	-£28,700	-£70,700
Memorial Tree Income	£0	£0	£0	-£4,000	-£4,000	£0	£0	-£4,000	-£4,000	£0	£0	-£4,000	-£4,000
Organist	-£11,250	-£11,250	£6,750	£0	-£4,500	-£11,250	£6,750	£0	-£4,500	-£11,250	£6,750	£0	-£4,500
Cremation Fees	-£1,715,700	-£1,803,900	£2,100	£0	-£1,801,800	-£1,894,200	£2,100	£0	-£1,892,100	-£1,894,200	£0	-£92,400	-£1,986,600
Webcasting	-£7,500	-£7,500	£0	-£15,000	-£22,500	-£7,500	£0	-£15,000	-£22,500	-£7,500	£0	-£15,000	-£22,500
Interest Income	-£2,500	-£2,500	£2,000	£0	-£500	-£2,500	£2,000	£0	-£500	-£2,500	£2,000	£0	-£500
Medical Fees	-£38,850	-£38,850	£0	£0	-£38,850	-£38,850	£0	£0	-£38,850	-£38,850	£0	£0	-£38,850
Admin Fee MDC Public Health Funerals	-£1,500	-£1,500	£600	£0	-£900	-£1,500	£600	£0	-£900	-£1,500	£600	£0	-£900
INCOME	-£1,839,650	-£1,927,850	£11,600	-£47,700	-£1,963,950	-£2,018,150	£11,600	-£47,700	-£2,054,250	-£2,018,150	£9,500	-£140,100	-£2,148,750
Recharges to Cemeteries for Administration	-£26,562	-£27,947	£0	-£1,104	-£29,051	-£29,320	£0	-£593	-£29,913	-£29,320	£0	-£1,218	-£30,538
INCOME RECHARGES	-£26,562	-£27,947	£0	-£1,104	-£29,051	-£29,320	£0	-£593	-£29,913	-£29,320	£0	-£1,218	-£30,538
TOTAL INCOME	-£1,866,212	-£1,955,797	£11,600	-£48,804	-£1,993,001	-£2,047,470	£11,600	-£48,293	-£2,084,163	-£2,047,470	£9,500	-£141,318	-£2,179,288
NET COST OF SERVICE	-£732,711	-£831,913	£113,791	-£81,930	-£800,052	-£896,050	£306,621	-£82,891	-£672,320	-£896,050	£122,812	£79,934	-£693,304
Depreciation Reversal	-£126,271	-£126,271	£0	£0	-£126,271	-£126,271	£0	£0	-£126,271	-£126,271	£0	£0	-£126,271
Transfer 3% fee increase to Capital Fund	£46,200	£46,200	£0	-£46,200	£0	£46,200	£0	-£46,200	£0	£46,200	£0	-£46,200	£0
Contribution from General Reserves	£0	£0	£0	£0	£0	£0	£0	-£76,409	-£76,409	£0	£0	-£55,425	-£55,425
Contribution to Capital Fund	£0	£37,145	£51,323	-£37,145	£51,323	£101,282	£0	-£101,282	£0	£101,282	£0	-£101,282	£0
BELOW NET COST OF SERVICE	-£80,071	-£42,926	£51,323	-£83,345	-£74,948	£21,211	£0	-£223,891	-£202,680	£21,211	£0	-£202,907	-£181,696
NET SURPLUS	-£812,782	-£874,839	£165,114	-£165,275	-£875,000	-£874,839	£306,621	-£306,782	-£875,000	-£874,839	£122,812	-£122,973	-£875,000

CAPITAL													
Account Description	2021/2022	2022/2023				2023/2024				2024/2025			
	Latest Approved Budget	Base Budget Appr.in Principle	Budget Additions	Budget Reductions	Projected Budget	Base Budget Appr.in Principle	Budget Additions	Budget Reductions	Projected Budget	Base Budget Appr.in Principle	Budget Additions	Budget Reductions	Projected Budget
PPW Capital Programme	£138,177	£36,636	£0	-£36,636	£0	£275,658	£0	-£275,658	£0	£219,795	£0	-£219,795	£0
Crematorium New Provision	£0	£0	£4,676,286	£0	£4,676,286	£0	£0	£0	£0	£0	£0	£0	£0
GROSS CAPITAL EXPENDITURE	£138,177	£36,636	£4,676,286	-£36,636	£4,676,286	£275,658	£0	-£275,658	£0	£219,795	£0	-£219,795	£0