

# **Mountsett Crematorium Joint Committee**

**28 January 2021**

## **Financial Monitoring Report – Position at 31/12/20, with Projected Outturn at 31/03/21**



### **Joint Report of**

**Alan Patrickson, Corporate Director of Neighbourhoods and  
Climate Change**

**Paul Darby, Interim Corporate Director of Resources and Treasurer  
to the Joint Committee**

### **Electoral division(s) affected:**

Countywide

### **Purpose of the Report**

- 1 This report provides members of the Mountsett Crematorium Joint Committee with details of the provisional outturn position for 2020/21 and the projected level of reserves and balances at 31 March 2021.

### **Executive summary**

- 2 This report sets out details of income and expenditure in the period 1 April 2020 to 31 December 2020, together with a forecast outturn position for 2020/21, highlighting areas of over / underspends against the approved budgets at a service expenditure analysis level.
- 3 The report also details the funds and reserves of the Joint Committee at 1 April 2020 and forecast final position at 31 March 2021, taking into account expenditure to date and forecasts to the year end.
- 4 The projected revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £215,514 against a budgeted surplus of £441,680, £226,167 less than the budgeted position. The principle reason for this being the procurement of a temporary cremator in year which was not provided for in the budget.

- 5 In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of £11,813 is required. This results in a net transfer from the Cremator Replacement Reserve of £161,300.
- 6 The retained reserves of the MCJC at 31 March 2021 are forecast to be £435,066 along with a General Reserve of £298,328, giving a forecast total reserves and balances position of £733,394 at the year end.

### **Recommendation(s)**

- 7 It is recommended that Members note the April to December 2020 financial monitoring report and associated provisional outturn position at 31 March 2021, including the projected year position with regards to the reserves and balances of the Joint Committee.

## **Background**

- 8 Scrutinising the financial performance of the Mountsett Crematorium is a key role of the Joint Committee. Regular (quarterly) budgetary control reports are prepared by the Treasurer and aim to present, in a user friendly format, the financial performance in the year to date together with a forward projection to the year end. Routine reporting and consideration of financial performance is a key component of the Governance Arrangements of the Mountsett Crematorium

## **Financial Performance**

- 9 Budgetary control reports, incorporating outturn projections, are considered by the Neighbourhoods and Climate Change Management Team on a quarterly basis. The County Council's Corporate Management Team also considers regular budgetary control reports, with quarterly reports being considered by Cabinet / Overview and Scrutiny Committee. The outturn projections for the Mountsett Crematorium are included within this report.
- 10 The figures contained within this report have been extracted from the General Ledger and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The following table highlights the provisional revenue outturn financial performance of the Mountsett Crematorium.

| <b>Subjective Analysis<br/>(Type of Expenditure)</b> | <b>Base Budget<br/>2020/21<br/>£</b> | <b>Year to Date<br/>Actual April –<br/>December<br/>£</b> | <b>Forecast<br/>Outturn<br/>2020/21<br/>£</b> | <b>Variance<br/>Over/<br/>(Under)<br/>£</b> |
|--|--------------------------------------|---|---|---|
| Employees  | 172,452                              | 153,426   | 215,123                                       | 42,671                                      |
| Premises   | 262,340                              | 466,197   | 638,924                                       | 376,584                                     |
| Transport  | 900                                  | 2,280   | 2,671   | 1,771                                       |
| Supplies & Services                                  | 78,845                               | 70,585  | 96,034  | 17,189                                      |
| Agency & Contracted                                  | 8,988                                | 3,638   | 13,575  | 4,587                                       |
| Central Support Costs                                | 29,220                               | 29,220  | 29,220  | 0   |
| <b>Gross Expenditure</b>                             | <b>552,745</b>                       | <b>725,346</b>  | <b>995,547</b>                                | <b>442,802</b>                              |
| <b>Income</b>  | <b>(994,425)</b>                     | <b>(912,242)</b>  | <b>(1,211,060)</b>                            | <b>(216,635)</b>                            |
| <b>Net Income</b>                                    | <b>(441,680)</b>                     | <b>(186,896)</b>  | <b>(215,514)</b>                              | <b>226,167</b>                              |
| <b>Transfer to / (from) Reserves</b>                 |                                      |   |   |   |
| - Repairs Reserve                                    | 15,000                               | 0   | 15,000  | 0   |
| - Cremator Reserve                                   | 76,680                               | 0   | (149,487)                                     | (226,167)                                   |
| - General Reserve                                    | 0                                    | 0   | 0   | 0   |
| <b>Distributable Surplus</b>                         | <b>(350,000)</b>                     | <b>0</b>  | <b>(350,000)</b>                              | <b>0</b>                                    |
| <b>65% Durham County Council</b>                     | <b>227,500</b>                       | <b>113,750</b>  | <b>227,500</b>                                | <b>0</b>                                    |
| <b>35% Gateshead Council</b>                         | <b>122,500</b>                       | <b>61,250</b>   | <b>122,500</b>                                | <b>0</b>                                    |

| <b>Mountsett Crematorium<br/>Earmarked Reserves</b> | <b>Balance @<br/>1 April<br/>2020<br/>£</b> | <b>Transfers<br/>To<br/>Reserve<br/>£</b> | <b>Transfers<br/>From<br/>Reserve<br/>£</b> | <b>Balance @<br/>31 March<br/>2021<br/>£</b> |
|---|---|---|---|--|
| Repairs Reserve                                     | (69,370)                                    | (15,000)                                  | 0   | (84,370)                                     |
| Cremator Reserve                                    | (511,995)                                   | 0   | 161,300                                     | (350,696)                                    |
| General Reserve                                     | (286,515)                                   | (361,813)                                 | 350,000                                     | (298,328)                                    |
| <b>Total</b>  | <b>(867,880)</b>                            | <b>(376,813)</b>                          | <b>511,300</b>                              | <b>(733,394)</b>                             |

## Explanation of Significant Variances between Original Budget and Forecast Outturn

- 11 As can be seen from the table above, the projected revenue outturn is indicating a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £215,514 against a budgeted surplus of £441,680, £226,167 less than the budgeted position.
- 12 The following section outlines the reasons for any significant budget variances by subjective analysis (type of expenditure) area:

### 12.1 *Employees*

The outturn shows an overspend of **£42,671**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are forecast to overspend by **£42,671** due to Covid-19 redeployment, overtime and training costs.

### 12.2 *Premises*

The outturn shows a forecast overspend of **£376,584** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to plot extension work are overspent by **£2,905**. This work was budgeted to take place in 2019/20 but was delayed due to weather conditions.
- One off SAMP budgets relating to the re-lining of 2 hearths and the purchase of memorial trees is forecast to underspend by **(£4,979)**.
- Major works are forecast to overspend by **£342,407** due to the temporary cremator purchase and installation in year.
- Cremator servicing and repairs is forecast to overspend by **£30,329** with the cremators requiring remedial works to maintain their operation.
- Design and feasibility costs relating to the replacement of the cremators are forecast to overspend by **£6,934**.
- General premises costs such as equipment repairs and utilities are forecast to underspend by **(£1,012)**.

### 12.3 *Supplies and Services*

The outturn shows a forecast overspend of **£17,189** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the projected increase in cremations (highlighted later within the income section of the report), medical referee expenditure is projected to overspend by **£8,878**.
- Purchasing of webcasts is forecast to overspend by **£7,800** due to the free provision of these services until November 20.
- The conference and seminars budget will underspend by **(£1,000)** due to the cancellation of the annual conference.
- General office costs are forecast to overspend by **£1,511**.

#### 12.4 Income

An increase in income of **(£216,635)** from the 2020/21 budget is included within the outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 335 cremations compared to the budget, totalling increased income to budget of **(£220,560)**. The outturn allows for a total of 1,635 cremations against a budgeted 1,300 during 2020/21.
- Book of Remembrance entries and sales of plaques are expected to be higher than budget resulting in additional of income of **(£10,000)**.
- Miscellaneous sales are forecast to overachieve the budget by **(£6,800)** due mainly to the sale of the old mower.
- Sale of urns is forecast to underachieve the budget by **£13,000**. It was agreed at the January 2020 meeting to increase the cost of urns to £10 and to sell them with every cremation, however this has not yet commenced.
- Interest received is forecast to be underachieved by **£5,000** as the bank accounts are not accruing any interest due to the current interest rate of 0.1%.
- Income from CAMEO is forecast to underachieve by **£2,725** as the new temporary cremator is not mercury abated.

### 13 Earmarked Reserves

In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **£11,813** is required. This results in a net transfer from the Cremator Replacement Reserve of **£161,300**.

The retained reserves of the MCJC at 31 March 2021 are forecast to be **£435,066** along with a General Reserve of **£298,328**, giving a

forecast total reserves and balances position of **£733,394** at the year end.

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## **Appendix 1: Implications**

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### **Legal Implications**

The outturn proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.

### **Finance**

Full details of the year to date and projected outturn financial performance of the Mountsett Crematorium are included within the body of the report.

### **Consultation**

None. However, Officers of Gateshead Council were provided with a copy of the report and given opportunity to comments / raise any detailed queries on the contents of this report in advance of circulation to members of the MCJC.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Climate Change**

None.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

### **Risk**

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The projected outturn has been produced taking into consideration the spend to date, trend data and market intelligence, and includes an element of prudence. This, together with



the information supplied by the Bereavement Services Manager, should mitigate the risks associated with achievement of the forecast outturn position.

**Procurement**

None.