

Mountsett Crematorium Joint Committee

26 April 2021

Financial Monitoring Report –
Provisional Outturn as at 31 March 2021



Joint Report of

Alan Patrickson, Corporate Director of Neighbourhoods and Climate Change

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

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 This report presents Members of Mountsett Crematorium Joint Committee (MCJC) 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 March 2021, together with the provisional outturn position for 2020/21, highlighting areas of over / underspend against the revenue 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 the updated provisional financial outturn.
- 4 The projected revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £388,679 against a budgeted surplus of £441,680, £53,001 less than than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as **£53,001** less than originally budgeted, mainly due to the temporary cremator

purchase, partly offset by increased income due to the additional cremations carried out throughout the year.

- 6 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.
- 7 The retained reserves of the MCJC at 31 March 2021 are forecast to be £608,231 along with a General Reserve of £298,328, giving total reserves and balances position of £906,559 at the year end.

Recommendation(s)

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

Background

- 9 Scrutinising the financial performance of 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

- 10 Budgetary control reports, incorporating outturn projections, are considered by Neighbourhoods and Climate Change Management Team on a monthly 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.
- 11 Members should be aware that the 2020/21 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturn, the final information incorporated into the Annual Return may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.
- 12 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 as at 31 March 2021.

Subjective Analysis	Base Budget 2020/21 £	Year to Date Actual April – March £	Provisional Outturn 2020/21 £	Variance Over/ (Under) £
Employees	172,452	216,675	217,961	45,509
Premises	262,340	506,068	512,004	249,664
Transport	900	3,896	3,956	3,056
Supplies & Services	78,845	109,387	109,648	30,803
Agency & Contracted	8,988	13,575	13,575	4,587
Central Support Costs	29,220	29,220	29,220	0
Gross Expenditure	552,745	878,822	886,364	333,619
Income	(994,425)	(1,275,043)	(1,275,043)	(280,618)
Net Income	(441,680)	(396,222)	(388,679)	53,001
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	76,680	0	23,679	(53,001)
Distributable Surplus	(350,000)	0	(350,000)	0
65% Durham County Council	227,500	227,500	227,500	0
35% Gateshead Council	122,500	122,500	122,500	0

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2020 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2021 £
Repairs Reserve	(69,370)	(15,000)	0	(84,370)
Cremator Reserve	(511,995)	(23,679)	11,813	(523,861)
General Reserve	(286,515)	(361,813)	350,000	(298,328)
Total	(867,880)	(400,492)	361,813	(906,559)

Explanation of Significant Variances between Original Budget and Forecast Outturn

- 13 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 £388,679 against a budgeted surplus of £441,680, £53,001 less than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2020, as reported to the Joint Committee on 28 January 2020, of 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 provisional outturn surplus position is therefore £173,165 more than was previously forecast. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:

- Employee costs are £2,838 higher than projected at quarter 3 mainly due to additional overtime payments.
- Premises costs are (£126,920) lower than previously projected mainly due to the energy improvement works being delayed until 2021/22.
- Transport costs relating to mileage expenses are £1,285 more than previously projected.
- Supplies and Service costs are £13,615 more than previously projected mainly due to increased medical fees and music tribute charges.
- Income is (£63,983) higher than previously projected mainly due to an increased level of cremations in the last three months compared to the numbers forecast in January.

15 The following section outlines the reasons for any significant budget variances by subjective analysis area. Members should note that some transactions are undertaken annually at the year end, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges/income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:

- Gas, electric and water charges not yet received from utility companies
- Medical referee fees for the final quarter

15.1 **Employees**

The outturn shows a forecast overspend of **£45,509**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs overspent by **£45,509** due to staff redeployment, increased overtime and additional training costs.

15.2 **Premises**

The outturn shows a forecast overspend of **£249,664** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to plot extension work 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 underspent by **(£4,977)**.
- One off SAMP budgets relating to new viewing screens and energy improvement works underspent by **(£125,587)** as work could not begin due to Covid 19. The works will now be carried out in 2021/22.
- Major works overspent by **£341,650** due to the temporary cremator purchase and installation in year.
- Cremator servicing and repairs overspent by **£33,584** with the cremators requiring remedial works to maintain their operation;
- General repairs and utilities are forecast to overspend by **£2,089**.

15.3 **Supplies and Services**

The outturn shows a forecast overspend of **£30,803** 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 **£12,028**.
- Purchasing of webcasts overspent by **£11,189** due to the free provision and high demand of these services until November 20.
- Professional advice on the replacement of the cremators is projected to overspend by **£4,000**.
- General office costs overspent by **£3,586**.

15.4 **Income**

An increase in income of **(£280,618)** from the 2020/21 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 458 cremations compared to the budget, totalling increased income to budget of **(£281,130)**. The outturn allows for a total of 1,758 cremations against a budgeted 1,300 during 2020/21.
- Book of Remembrance entries and sales of plaques were higher than budget resulting in additional of income of **(£8,953)**.

- Miscellaneous sales overachieved the budget by **(£13,744)** due to the sale of the old mower and increased webcast income.
- Sale of urns underachieved the income target 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 **£4,957** lower than budget as the bank accounts are not accruing any interest due to the current interest rate of 0.1%.
- Income from CAMEO is **£5,253** lower than budget as the new temporary cremator is not mercury abated.

16 Earmarked Reserves

Contributions to the earmarked reserves are **£53,001** less than originally budgeted, mainly due to the temporary cremator purchase, partly offset by increased income due to the additional cremations carried out throughout the year.

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.

The retained reserves of the MCJC at 31 March 2021 are forecast to be **£608,231** along with a General Reserve of **£298,328**, giving a forecast total reserves and balances position of **£906,559** at the year end.

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Appendix 1: Implications

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 Joint Committee.

Equality and Diversity / Public Sector Equality Duty

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 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.

Climate Change

None.