

28 June 2021



**Revenue Outturn and Joint Committees
Annual Return for the Financial Year
Ended 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 seeks approval of the Joint Committees Annual Return (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2021. It also includes details of the final outturn position against the approved budgets for 2020/21.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2020 to 31 March 2021, 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 final position at 31 March 2021, taking into account the updated financial outturn.
- 4 The revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £389,806 against a budgeted surplus of £441,680, £51,874 less than the budgeted position.
- 5 The final outturn position was broadly in line with the forecast position reported to the Joint Committee on 26 January 2021, with only minor changes across a number of budget levels at the final outturn, which resulted in a £1,127 increase to the overall net income for the year

- 6 Contributions to the earmarked reserves are **£51,874** less than originally budgeted, mainly due to the temporary cremator purchase but partly offset by increased income due to the additional cremations carried out throughout the year.
- 7 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.
- 8 The retained reserves of the MCJC at 31 March 2020 are forecast be £609,358 along with a General Reserve of £298,328, giving total reserves and balances position of £907,686 at the year end.

Recommendation(s)

- 9 It is recommended that Members of the Central Durham Crematorium Joint Committee:-
 - Note the revenue outturn position as at 31 March 2021, including the year end position with regards to the reserves and balances of the Joint Committee.
 - Approve Section 1 – Annual Governance Statement 2020/21 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2021 (attached at Appendix 3).
 - Approve Section 2 – Accounting Statements 2020/21 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2021 (attached at Appendix 3).
 - The Chair, Clerk and Treasurer sign the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2021 (attached at Appendix 3).

Background

- 10 The Joint Committees Annual Return will be subject to external audit by the Joint Committee's appointed external auditors, Mazars LLP and the limited assurance audit will commence in July 2021. Upon completion, the auditor's report will be presented to the Joint Committee and will be made available online, along with the Return.
- 11 The attached Joint Committees Annual Return (Appendix 3) is not a compulsory requirement for the Mountsett Crematorium Joint Committee but is good practice. Also attached for Members attention at Appendix 2 is the Balance Sheet as at 31 March 2021.

Financial Performance

- 12 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 for the Mountsett Crematorium is included within this report.
- 13 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 revenue outturn financial performance of the Mountsett Crematorium as at 31 March 2021.

Subjective Analysis (Type of Expenditure)	Base Budget 2020/21 £	Outturn 2020/21 £	Variance Over/ (Under) £	MEMO – Provisional Outturn (26.04.21) 2020/21 £
Employees	172,452	217,961	45,509	217,961
Premises	262,340	511,360	249,020	512,004
Transport	900	4,059	3,159	3,956
Supplies & Services	78,845	109,819	30,974	109,648
Agency & Contracted	8,988	13,575	4,587	13,575
Central Support Costs	29,220	29,220	0	29,220
Gross Expenditure	552,745	885,994	333,249	886,364
Income	(994,425)	(1,275,800)	(281,375)	(1,275,043)
Net Income	(441,680)	(389,806)	51,874	(388,679)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	15,000	0	15,000
- Cremator Reserve	76,680	24,806	(51,874)	23,679
Distributable Surplus	(350,000)	(350,000)	0	(350,000)
65% Durham County Council	227,500	227,500	0	227,500
35% Gateshead Council	122,500	122,500	0	122,500

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)	(24,806)	11,813	(524,988)
General Reserve	(286,515)	(361,813)	350,000	(298,328)
Total	(867,880)	(401,619)	361,813	(907,686)

Explanation of Significant Variances between Original Budget and Forecast Outturn

14 The final outturn position is broadly in line with the provisional outturn position reported to the Joint Committee on 26 January 2021, with only minor changes across a number of budget levels at the final outturn (£1,127 increase) to the overall net income for the year.

15 The following section outlines the reasons for significant variances by subjective analysis area comparing the outturn position against the budget.

15.1 **Employees**

The outturn shows an 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 an overspend **£249,020** 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 overspent by **£1,445**.

15.3 **Supplies and Services**

The outturn shows an overspend of **£30,974** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the increase in cremations (highlighted later within the income section of the report), medical referee expenditure overspent 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 overspent by **£4,000**.
- General office costs overspent by **£3,757**.

15.5 Income

An increase in income of **(£281,375)** from the 2020/21 budget is included within the updated outturn. 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 **(£281,880)**.
The outturn includes 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 had not commenced.
- Interest received was **£4,949** lower than budget as the bank accounts were not accruing any interest due to the interest rate of 0.1%.
- Income from CAMEO was **£5,253** lower than budget because the new temporary cremator is not mercury abated.

Earmarked Reserves

- 16 Contributions to the earmarked reserves are **£51,874** 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.
- 17 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.
- 18 The retained reserves of the MCJC at 31 March 2021 are £609,358 along with a General Reserve of £298,328, giving a total reserves and balances position of £907,686 at the year end.

Joint Committees Annual Governance and Accountability Return and Balance Sheet

The Joint Committees Annual Governance and Accountability return is attached at Appendix 3 and is supported by the Balance Sheet information contained in Appendix 2 to this report. This shows that the Crematorium had net assets of £0.908m at 31 March 2021 funded by reserves.

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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.

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 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.

Appendix 2: Balance Sheet as at 31 March 2021

Mounstett Crematorium Joint Committee

Balance Sheet as at 31 March 2021

31 March 2020 £000		31 March 2021 £000
0	Property, Plant & Equipment	0
0	Intangible Assets	0
0	Long Term Investments	0
0	Long Term Debtors	0
0	Long Term Assets	0
0	Short term Investments	0
3	Inventories	7
36	Short Term Debtors	46
1,032	Cash & Cash Equivalents	1,251
1,072	Current Assets	1,304
0	Short Term Borrowing	0
(204)	Short Term Creditors	(396)
0	Provisions	0
(204)	Current Liabilities	(396)
0	Long term Creditors	0
0	Provisions	0
0	Long Term Borrowing	0
0	Other Long Term Liabilities	0
0	Long Term Liabilities	0
868	NET ASSETS	908
(868)	Usable Reserves	(908)
0	Unusable Reserves	0
(868)	TOTAL RESERVES	(908)