

**Mountsett Crematorium Joint
Committee**

25 April 2022

**Financial Monitoring Report –
Provisional Outturn as at 31 March 2022**



Joint Report of

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

**Paul Darby, Corporate Director of Resources 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 2021/22 and the projected level of reserves and balances at 31 March 2022.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2021 to 31 March 2022, together with the provisional outturn position for 2021/22, 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 2021 and forecast final position at 31 March 2022, 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 £373,591 against a budgeted surplus of £24,662, £348,929 more than than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as £348,929 more than originally budgeted, mainly due to the in year underspend on the cremator replacement works and additional income due to increased

cremations carried out throughout the year, partly offset by the energy improvements, which were planned to be carried out in 2020/21.

- 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 £10,358 is required.
- 7 The retained reserves of the MCJC at 31 March 2022 are forecast to be £622,591 along with a General Reserve of £308,686, giving total reserves and balances position of £931,277 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2021 to March 2022 financial monitoring report and associated provisional revenue outturn position at 31 March 2022, 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 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.
- 11 Members should be aware that the 2021/22 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 2022.

Subjective Analysis	Base Budget 2021/22 £	Year to Date Actual April – March £	Provisional Outturn 2021/22 £	Variance Over/ (Under) £
Employees	186,184	185,830	188,480	2,296
Premises	543,913	286,207	298,512	(245,401)
Transport	900	4,385	2,804	1,904
Supplies & Services	79,545	80,982	91,718	12,173
Agency & Contracted	13,385	4,843	4,843	(8,542)
Capital Charges	150,641	0	151,227	586
Central Support Costs	29,720	29,720	29,720	0
Gross Expenditure	1,004,288	591,967	767,305	(236,983)
Income	(1,028,950)	(1,136,021)	(1,140,896)	(111,946)
Net Income	(24,662)	(544,054)	(373,591)	(348,929)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	(340,338)	0	8,591	348,929
- General Reserve	0	0	0	0
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 2021 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2022 £
Repairs Reserve	(84,370)	(15,000)	0	(99,370)
Cremator Reserve	(524,988)	(8,591)	10,358	(523,221)
General Reserve	(298,328)	(360,358)	350,000	(308,686)
Total	(907,686)	(383,949)	360,358	(931,277)

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 £373,591 against a budgeted surplus of £24,662, £348,929 more than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2021, as reported to the Joint

Committee on 31 January 2022, of a deficit (before transfers to reserves and distribution of surpluses to the partner authorities) of (£20,801) against a budgeted surplus of £24,662, £45,463 less than the budgeted position. The provisional outturn surplus position is therefore £394,392 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 **£1,769** higher than projected at quarter 3 mainly due to additional overtime payments.
- Premises costs are **(£350,633)** lower than previously projected with the remaining costs to be billed in 2022/23.
- Transport costs relating to mileage expenses are **£161** more than previously projected.
- Supplies and Service costs are **£1,295** more than previously projected mainly due to increased medical fees.
- Capital charges are **£586** higher than previously projected due to the loan required for the cremator replacements being slightly higher than initially forecast.
- Income is **(£47,570)** 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 and 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 and electric charges not yet received from utility companies
- Medical referee fees for the final quarter of the year
- Computer software licence fees not yet invoiced
- Income relating to the 2021/22 CAMEO scheme for mercury abatement credits
- Annual loan repayment to Durham County Council

15.1 **Employees**

The outturn shows a forecast overspend of **£2,296**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs overspent by **£2,296** due to increased overtime.

15.2 Premises

The outturn shows a forecast underspend of **(£245,401)** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets of £125,000 relating to energy improvements in 2020/21 were unspent due to project delays, with works commencing in 2021/22. The works are nearly complete and it is therefore forecast to overspend by **£111,824** in 2021/22.
- One off SAMP budgets relating to the replacement of the existing curtain track will underspend by **(£6,000)** as it is no longer required.
- One off SAMP budgets relating to redecoration works will underspend by **(£17,000)** due to covid posters having to be displayed on the walls at all times during the year. The works will now be undertaken in 2022/23.
- Cremator replacement costs are forecast to underspend by **(£346,267)** with the remaining costs to be billed in 2022/23.
- Utilities are forecast to overspend by **£11,435** due to rising energy costs.
- General office costs such as equipment are forecast to overspend by **£607**.

15.3 Supplies and Services

The outturn shows a forecast overspend of **£12,173** 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 **£4,626**.
- Purchasing of webcasts is forecast to overspend by **£9,319** due to the initial limited chapel capacity and continued high demand. These costs are offset by additional income received, highlighted later in the report.
- The conference and seminars budget will underspend by **(£1,000)** due to the cancellation of the annual conference.
- General office costs are forecast to underspend by **(£772)**.

15.4 **Income**

An increase in income of **(£111,946)** from the 2021/22 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 163 cremations compared to the budget, totalling increased income to budget of **(£96,080)**. The outturn allows for a total of 1,463 cremations against a budgeted 1,300 during 2021/22.
- Book of Remembrance entries and Webcast sales are expected to be higher than budget resulting in additional of income of **(£12,840)**.
- Interest received is forecast to be underachieved by **£720** as the bank accounts were not accruing any interest for much of the year due to the low bank interest rates.
- Income from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) is forecast to overachieve by **(£3,746)**.

16 **Earmarked Reserves**

Contributions to the earmarked reserves are **£348,929** more than originally budgeted, mainly due to the in year underspend on the cremator replacement works and additional income due to increased cremations carried out throughout the year, partly offset by the energy improvements, which were planned to be carried out in 2020/21.

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 £10,358 is required.

The retained reserves of the MCJC at 31 March 2022 are forecast to be **£622,591** along with a General Reserve of **£308,686**, giving a forecast total reserves and balances position of **£931,277** 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.