

Mountsett Crematorium Joint Committee

29 June 2022

**Revenue Outturn & Joint Committees
Annual Return for the Financial Year
Ended 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 seeks approval of the Joint Committees Annual Return (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2022. It also includes details of the final outturn position against the approved budgets for 2021/22.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2021 to 31 March 2022, 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 the final position at 31 March 2022, 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 £370,210 against a budgeted surplus of £24,662, £345,548 more than the budgeted position.
- 5 The final outturn position was broadly in line with the forecast position reported to the Joint Committee on 25 April 2022, with only minor changes across a number of budget levels at the final outturn, which resulted in a £3,381 decrease to the overall net income for the year

- 6 Contributions to the earmarked reserves are £345,549 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 delayed from 2020/21.
- 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 £10,358 was required at year end. This transfer, in addition to the transfer in of the revenue surplus results in a net transfer from the Cremator Reserve of £5,148.
- 8 The retained reserves of the MCJC at 31 March 2022 are £619,210 along with a General Reserve of £308,686, giving a total reserves and balances position of £927,896 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 2022, including the year end position with regards to the reserves and balances of the Joint Committee.
 - Approve Section 1 – Annual Governance Statement 2021/22 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2022 (attached at Appendix 3).
 - Approve Section 2 – Accounting Statements 2021/22 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2022 (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 2022 (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 2022. 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 2022.

Financial Performance

- 12 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 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 2022.

Subjective Analysis (Type of Expenditure)	Base Budget 2021/22 £	Outturn 2021/22 £	Variance Over/ (Under) £	MEMO – Provisional Outturn (25.04.22) 2020/21 £
Employees	186,184	188,480	2,296	188,480
Premises	694,554	451,922	(242,632)	449,740
Transport	900	823	(77)	2,804
Supplies & Services	79,545	94,981	15,436	91,718
Agency & Contracted	13,385	4,843	(8,542)	4,843
Capital Charges	0	0	0	0
Central Support Costs	29,720	29,720	0	29,720
Gross Expenditure	1,004,288	770,769	(233,519)	767,305
Income	(1,028,950)	(1,140,979)	(112,029)	(1,140,896)
Net Income	(24,662)	(370,210)	(345,548)	(373,591)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	15,000	0	15,000
- Cremator Reserve	(340,338)	5,210	345,548	8,591
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 2021 £	Transfers to Reserve £	Transfers from Reserve £	Balance @ 31 March 2022 £
Repairs Reserve	(84,370)	(15,000)	0	(99,370)
Cremator Reserve	(524,988)	(5,210)	10,358	(519,840)
General Reserve	(298,328)	(360,358)	350,000	(308,686)
Total	(907,686)	(380,568)	360,358	(927,896)

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 25 April 2022, with only minor changes across a number of budget levels at the final outturn (£3,381 decrease) 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 **£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 an underspend (**£242,632**) 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 overspent by **£111,824** in 2021/22.
- One off SAMP budgets relating to the replacement of the existing curtain track underspent by (**£6,000**) as it is no longer required.
- One off SAMP budgets relating to redecoration works underspent 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 underspent by (**£346,267**) with the remaining costs to be billed in 2022/23.
- Utilities overspent by **£11,436** due to rising energy costs.
- General office costs such as equipment overspent by **£3,375**.

15.3 *Supplies and Services*

The outturn shows an overspend of **£15,436** 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 **£4,626**.
- Purchasing of webcasts overspent 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 underspent by **(£1,000)** due to the cancellation of the annual conference.
- General office costs overspent by **£2,491**.

15.5 **Income**

An increase in income of **(£112,029)** from the 2021/22 budget is included within the updated outturn. 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 includes a total of 1,463 cremations against a budgeted 1,300 during 2021/22.
- Book of Remembrance entries and Webcast sales are higher than budget resulting in additional income of **(£12,840)**.
- Interest received underachieved by **£637** 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) overachieved by **(£3,746)**.

Earmarked Reserves

- 16 Contributions to the earmarked reserves are **£345,549** 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 delayed from 2020/21.
- 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 £10,358 was required at year end. This results in a net transfer from the Cremator Reserve of £5,148.
- 18 The retained reserves of the MCJC at 31 March 2021 are **£619,210** along with a General Reserve of **£308,686**, giving a total reserves and balances position of **£927,896** at the year end.

Joint Committees Annual Governance and Accountability Return and Balance Sheet

19. 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 £0.928m at 31 March 2022 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 2022

Mounstett Crematorium Joint Committee

Balance Sheet as at 31 March 2022

31 March 2021 £000		31 March 2022 £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
7	Inventories	4
46	Short Term Debtors	30
1,251	Cash & Cash Equivalents	1,102
1,304	Current Assets	1,136
0	Short Term Borrowing	0
(396)	Short Term Creditors	(208)
0	Provisions	0
(396)	Current Liabilities	(208)
0	Long term Creditors	0
0	Provisions	0
0	Long Term Borrowing	0
0	Other Long Term Liabilities	0
0	Long Term Liabilities	0
908	NET ASSETS	928
(908)	Usable Reserves	(928)
0	Unusable Reserves	0
(908)	TOTAL RESERVES	(928)