

Mountsett Crematorium Joint Committee

29 September 2022

Financial Monitoring Report – Position at 31/08/22, with Projected Outturn at 31/03/23



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 provides Members of the Mountsett Crematorium Joint Committee with details of the provisional outturn position for 2022/23 and the projected level of reserves and balances at 31 March 2023.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2022 to 31 August 2022, together with a forecast revenue outturn position for 2022/23, 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 2022 and forecast position at 31 March 2023, taking into account actuals 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 £152,452 against a budgeted surplus of £331,742, £179,290 less than the budgeted position.
- 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

£10,289 is required. An additional transfer of £212,548 is required due to the forecast overspend in year. This results in a net transfer from the Cremator Replacement Reserve of £222,837.

- 6 The retained reserves of the MCJC at 31 March 2023 are forecast to be £411,373 along with a General Reserve of £318,975, giving a forecast total reserves and balances position of £730,348 at the year end.

Recommendation(s)

- 7 It is recommended that Members note the April to August 2022 financial monitoring report and associated provisional outturn position at 31 March 2023, 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.

Subjective Analysis (Type of Expenditure)	Base Budget 2022/23 £	Year to Date Actual April – August £	Provisional Outturn 2022/23 £	Variance Over/ (Under) £
Employees	201,198	82,238	216,214	15,016
Premises	400,670	88,025	699,698	299,028
Transport	2,481	171	1,997	(484)
Supplies & Services	89,530	21,235	89,219	(311)
Agency & Contracted	7,039	2,320	7,107	68
Capital Charges	0	0	0	0
Central Support Costs	30,590	30,590	30,590	0
Gross Expenditure	731,508	224,579	1,044,825	313,317
Income	(1,063,250)	(477,703)	(1,197,277)	(134,027)
Net Income	(331,742)	(253,124)	(152,452)	179,290
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	(33,258)	0	(212,548)	(179,290)
- General Reserve	0	0	0	0
Distributable Surplus	(350,000)	0	(350,000)	0
65% Durham County Council	227,500	113,750	227,500	0
35% Gateshead Council	122,500	61,250	122,500	0

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2022 £	Transfers To Reserve £	Transfers From Reserve £	Balance @ 31 March 2023 £
Repairs Reserve	(99,370)	(15,000)	0	(114,370)
Cremator Reserve	(519,840)	0	222,837	(297,003)
General Reserve	(308,686)	(360,289)	350,000	(318,975)
Total	(927,896)	(375,289)	572,837	(730,348)

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 £152,452 against a budgeted surplus of £331,742, £179,290 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 **£15,016**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are forecast to overspend by **£15,016** mainly due to the pending national pay settlement for 2022/23.

12.2 *Premises*

The outturn shows a forecast overspend of **£299,028** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to energy improvements in 2020/21 were unspent due to project delays. It is therefore forecast to overspend by **£13,000** in 2022/23.
- One off SAMP budgets relating to redecoration works in 2021/22 were delayed until the current year and it is therefore forecast to overspend by **£15,837**.
- The cremator replacement budget underspent in 2021/22 by £346,267 due to the completion of the project overlapping financial years into 2022/23. Current estimates forecast that the remaining costs in 2022/23 will be **£217,900**.
- Energy budgets are forecast to overspend by **£52,291** due to the global increase in the cost of gas and electric. Following the Prime Minister's announcement to tackle the energy crisis on 8 September it is still unclear how this affects Councils and businesses, however, updates will be brought to Members at future meetings.

12.3 *Supplies and Services*

The outturn shows a forecast underspend of **(£311)** 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 **£4,994**
- Purchasing of Webcasting is forecast to underspend by **(£2,000)**
- General office costs are forecast to underspend by **(£3,305)**.

12.4 Agency & Contracted

The outturn shows a forecast overspend of **£68** in relation to agency and contracted services costs. The reasons for this are identified below:

- Trade refuse charges for the year are forecast to overspend by **£68**.

12.5 Income

An increase in income of **(£134,027)** from the 2022/23 budget is included within the outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 196 cremations compared to the budget, totalling increased income to budget of **(£127,500)**. The outturn allows for a total of 1,496 cremations against a budgeted 1,300 during 2022/23.
- Miscellaneous sales and Book of Remembrance entries are expected to be lower than budget resulting in a loss of income of **£3,473**.
- Interest received is forecast to overachieve by **(£10,000)** due to rising interest rates.

Earmarked Reserves

- 13 In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer from the Cremator Replacement Reserve to the General Reserve of **£10,289** is required. An additional transfer of **£212,548** is required due to the forecast overspend in year. This results in a net transfer from the Cremator Replacement Reserve of **£222,837**.
- 14 The retained reserves of the MCJC at 31 March 2023 are forecast to be **£411,373** along with a General Reserve of **£318,975**, giving a forecast total reserves and balances position of **£730,348** 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 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.