

# Mountsett Crematorium Joint Committee

25 April 2023

Financial Monitoring Report –  
Provisional Outturn as at 31 March 2023



## 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 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 March 2023, together with the provisional outturn position for 2022/23, 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 2022 and forecast final position at 31 March 2023, 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 £176,923 against a budgeted surplus of £331,742, £154,819 less than than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as £154,819 less than originally budgeted.
- 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

£10,289 is required. An additional transfer of **£188,077** is required due to the forecast overspend in year. This results in a net transfer from the Cremator Replacement Reserve of **£198,366**.

- 7 The retained reserves of the MCJC at 31 March 2023 are forecast to be £435,844 along with a General Reserve of £318,975, giving total reserves and balances position of **£754,819** at the year end.

### **Recommendation(s)**

- 8 It is recommended that Members note the April 2022 to March 2023 financial monitoring report and associated provisional revenue outturn position at 31 March 2023, 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 2022/23 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 2023.

<b>Subjective Analysis</b>	<b>Base Budget 2022/23 £</b>	<b>Year to Date Actual April – March £</b>	<b>Provisional Outturn 2022/23 £</b>	<b>Variance Over/ (Under) £</b>
Employees	201,198	213,771	216,422	15,224
Premises	400,670	398,781	628,438	227,768
Transport	2,481	434	434	(2,047)
Supplies & Services	89,530	104,056	111,181	21,651
Agency & Contracted	7,039	9,794	9,794	2,755
Capital Charges	0	0	0	
Central Support Costs	30,590	30,590	30,590	0
<b>Gross Expenditure</b>	<b>731,508</b>	<b>757,427</b>	<b>996,859</b>	<b>265,350</b>
<b>Income</b>	<b>(1,063,250)</b>	<b>(1,165,611)</b>	<b>(1,173,782)</b>	<b>(110,532)</b>
<b>Net Income</b>	<b>(331,742)</b>	<b>(408,184)</b>	<b>(176,923)</b>	<b>154,819</b>
<b>Transfer to / (from) Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	(33,258)	0	(188,077)	(154,819)
- General Reserve	0	0		0
<b>Distributable Surplus</b>	<b>(350,000)</b>	<b>0</b>	<b>(350,000)</b>	<b>0</b>
<b>65% Durham County Council</b>	<b>227,500</b>	<b>227,500</b>	<b>227,500</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>122,500</b>	<b>122,500</b>	<b>122,500</b>	<b>0</b>

<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2022 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2023 £</b>
Repairs Reserve	(99,370)	(15,000)	0	(114,370)
Cremator Reserve	(519,840)	0	198,366	(321,474)
General Reserve	(308,686)	(360,289)	350,000	(318,975)
<b>Total</b>	<b>(927,896)</b>	<b>(375,289)</b>	<b>548,366</b>	<b>(754,819)</b>

### **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 £176,923 against a budgeted surplus of £331,742, £154,819 less than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2022, as reported to the Joint

Committee on 30 January 2023, of a deficit (before transfers to reserves and distribution of surpluses to the partner authorities) of £61,755 against a budgeted surplus of £331,742, £269,987 less than the budgeted position. The provisional outturn surplus position is therefore £115,168 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 **(£2,867)** lower than projected at quarter 3.
- Premises costs are **(£100,048)** lower than previously projected due to energy improvement works not taking place during the year.
- Transport costs relating to mileage expenses are **(£56)** less than previously projected.
- Supplies and Service costs are **£2,216** more than previously projected.
- Agency and contracted costs are **£2,353** higher than previously projected due.
- Income is **(£16,767)** higher than previously projected due to a higher level of bank interest and memorial income received.

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
- Income relating to the 2022/23 CAMEO scheme for mercury abatement credits

### 15.1 **Employees**

The outturn is overspent by **£15,224**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are overspent by **£15,224** mainly due to the national pay settlement for 2022/23 and average holiday entitlement back pay.

## 15.2 Premises

The outturn shows a forecast overspend of **£227,768** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to energy improvements in 2020/21 were delayed until the current year due to project delays. It is therefore overspent by **£13,193** in 2022/23.
- One off SAMP budgets relating to additional energy improvements were not completed and are underspent by **(£75,000)**. An update on the energy improvement works was provided earlier in the Quartely Performance Report.
- One off SAMP budgets relating to redecoration works in 2021/22 were delayed until the current year and it is therefore overspent by **£15,837**.
- One off SAMP budgets relating to installation of vehilce charging points is underspent by **(£1,645)**.
- The cremator replacement budget underspent in 2021/22 by £346,267 due to the completion of the project overlapping financial years into 2022/23. The fnal remaining costs paid in 2022/23 were **£210,682**.
- Energy budgets are overspent by **£43,156** due to the global increase in the cost of gas and electric.
- Grounds maintenance costs are forecast to overspend by **£12,062** mainly due to increased winter maintenance costs.
- Other premises costs such as general repairs and cremator repairs are forecast to overspend by **£9,483**.

## 15.3 Supplies and Services

The outturn shows a forecast overspend of **£21,651** 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 overspent by **£3,843**.
- Purchasing of webcasts is underspent by **(£3,030)**.
- General office costs are forecast to overspend by **£708**.
- Mercury abatement costs to CAMEO are overspent by **£20,130**. This is due to the temporary cremator not abating mercury omissions and also in part to the new cremators not abating during early installation in 2021

#### 15.4 **Income**

An increase in income of **(£110,532)** from the 2022/23 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 145 cremations compared to the budget, totalling increased income to budget of **(£90,985)**. The outturn allows for a total of 1,445 cremations against a budgeted 1,300 during 2022/23.
- Book of Remembrance entries and Webcast sales are higher than budget resulting in additional of income of **(£790)**.
- Interest received is overachieved by **(£22,227)** due to rising interest rates.
- Income from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) is underachieved by **£3,470**.

#### 16 **Earmarked Reserves**

Contributions to the earmarked reserves are forecast as £154,819 less than originally budgeted.

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The retained reserves of the MCJC at 31 March 2023 are forecast to £435,844 along with a General Reserve of £318,975, giving total reserves and balances position of £754,819 at the year end.

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<b>Contact:</b>	Philip Curran	Tel: 03000 261967
	Ed Thompson	Tel: 03000 263481

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## **Appendix 1: Implications**

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### **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.