

Mountsett Crematorium Joint Committee

28 June 2023

**Revenue Outturn & Joint Committees
Annual Return for the Financial Year
Ended 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 seeks approval of the Joint Committees Annual Return (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2023. It also includes details of the final outturn position against the approved budgets for 2022/23.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2022 to 31 March 2023, 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 the final position at 31 March 2023, 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 £183,752 against a budgeted surplus of £331,742, £147,990 less 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 2023, with only minor changes across a number of budget levels at the final outturn, which resulted in a £6,829 increase to the overall net income for the year.

- 6 Contributions to the earmarked reserves are £147,990 less than originally budgeted.
- 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 £10,289 was required at year end. An additional transfer of **£181,248** is required due to the forecast overspend in year. This results in a net transfer from the Cremator Replacement Reserve of **£191,537**.
- 8 The retained reserves of the MCJC at 31 March 2023 are £442,673 along with a General Reserve of £318,975, giving a total reserves and balances position of £761,648 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 2023, including the year end position with regards to the reserves and balances of the Joint Committee.
 - Approve Section 1 – Annual Governance Statement 2022/23 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2023 (attached at Appendix 3).
 - Approve Section 2 – Accounting Statements 2022/23 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2023 (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 2023 (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 2023. 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 2023.

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 2023.

Subjective Analysis (Type of Expenditure)	Base Budget 2022/23 £	Outturn 2022/23 £	Variance Over/ (Under) £	MEMO – Provisional Outturn (25.04.23) 2022/23 £
Employees	201,198	216,421	15,223	216,422
Premises	400,670	626,992	226,322	628,438
Transport	2,481	434	(2,046)	434
Supplies & Services	89,530	110,531	21,001	111,181
Agency & Contracted	7,039	9,794	2,755	9,794
Capital Charges	0	0	0	0
Central Support Costs	30,590	30,590	0	30,590
Gross Expenditure	731,508	994,763	263,255	996,859
Income	(1,063,250)	(1,178,515)	(115,265)	(1,173,782)
Net Income	(331,742)	(183,752)	147,990	(176,923)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	15,000	0	15,000
- Cremator Reserve	(33,258)	(181,248)	(147,990)	(188,077)
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 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	191,537	(328,303)
General Reserve	(308,686)	(360,289)	350,000	(318,975)
Total	(927,896)	(375,289)	541,537	(761,648)

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 2023, with only minor changes across a number of budget levels at the final outturn £6,829 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 **£15,223**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are overspent by **£15,223** mainly due to the national pay settlement for 2022/23 and average holiday entitlement back pay.

15.2 **Premises**

The outturn shows an overspend **£226,322** 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)**.
- 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 vehicle 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 final 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 **£8,037**.

15.3 **Supplies and Services**

The outturn shows an overspend of **£21,001** 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 **£3,843**.
- Purchasing of webcasts is underspent by **(£3,030)**.
- General office costs are forecast to overspend by **£58**.
- 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

15.5 **Income**

An increase in income of **(£115,265)** from the 2022/23 budget is included within the updated outturn. 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 **(£5,523)**.
- 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**.

Earmarked Reserves

- 16 Contributions to the earmarked reserves are **£147,990** less than originally budgeted.
- 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 £10,289 was required at year end. An additional transfer of **£181,248** is required due to the forecast overspend in year. This results in a net transfer from the Cremator Replacement Reserve of **£191,537**.

- 18 The retained reserves of the MCJC at 31 March 2023 are forecast to £442,673 along with a General Reserve of £318,975, giving a total reserves and balances position of £761,648 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 £0.762m at 31 March 2023 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 2023

Mounstett Crematorium Joint Committee

Balance Sheet as at 31 March 2023

31 March 2022 £000		31 March 2023 £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
4	Inventories	4
30	Short Term Debtors	30
1,102	Cash & Cash Equivalents	900
1,136	Current Assets	934
0	Short Term Borrowing	0
(208)	Short Term Creditors	(173)
0	Provisions	0
(208)	Current Liabilities	
0	Long term Creditors	0
0	Provisions	0
0	Long Term Borrowing	0
0	Other Long Term Liabilities	0
0	Long Term Liabilities	0
928	NET ASSETS	762
(928)	Usable Reserves	(762)
0	Unusable Reserves	0
(928)	TOTAL RESERVES	(762)