

Mountsett Crematorium Joint Committee

29 January 2024

Financial Monitoring Report – Position at 31/12/23, with Projected Outturn at 31/03/24



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 projected outturn position for 2023/24 and the projected level of reserves and balances at 31 March 2024.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2023 to 31 December 2023, together with a forecast outturn position for 2023/24, 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 2023 and forecast final position at 31 March 2024, taking into account expenditure 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 **£239,900** against a budgeted surplus of £225,474, which is **£14,426** more 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

£16,905 is required. This results in a net transfer from the Cremator Replacement Reserve of **£142,005**.

- 6 The retained reserves of the MCJC at 31 March 2024 are forecast to be **£315,668** along with a General Reserve of **£335,880**, giving a forecast total reserves and balances position of **£651,568** at the year end.

Recommendation(s)

- 7 It is recommended that Members note the April to December 2023 financial monitoring report and associated provisional outturn position at 31 March 2024, 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 2023/24 £	Year to Date Actual April – December £	Forecast Outturn 2023/24 £	Variance Over/ (Under) £
Employees	227,682	152,743	253,622	25,940
Premises	533,475	379,525	634,026	100,551
Transport	1,400	254	700	(700)
Supplies & Services	92,462	60,243	98,224	5,762
Agency & Contracted	7,117	3,667	5,367	(1,750)
Capital Charges	0	0	0	0
Central Support Costs	31,990	24,940	31,990	0
Gross Expenditure	894,126	621,372	1,023,929	129,803
Income	(1,119,600)	(811,956)	(1,263,829)	(144,229)
Net Income	(225,474)	(190,584)	(239,900)	(14,426)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	(139,526)	0	(142,005)	(2,479)
- General Reserve	0	0	16,905	16,905
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 2023 £	Transfers To Reserve £	Transfers From Reserve £	Balance @ 31 March 2024 £
Repairs Reserve	(114,370)	(15,000)	0	(129,370)
Cremator Reserve	(328,303)	0	142,005	(186,298)
General Reserve	(318,975)	(366,905)	350,000	(335,880)
Total	(761,648)	(381,905)	492,005	(651,548)

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 £239,900 against a budgeted surplus of £225,474, which is £14,426 more 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 **£25,940**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are forecast to overspend by **£25,940** mainly due to the national pay settlement for 2023/24.

12.2 *Premises*

The outturn shows a forecast overspend of **£100,551** in relation to premises costs. The reasons for this are identified below:

- One off SAMP works relating to energy improvements which were delayed in 2022/23 and carried over into the current year. A higher than anticipated quote from building services led to the forecast overspend of **£109,000** in 2023/24.
- One off SAMP works relating to the replacement of chapel curtains and the installation of memorial towers are now completed and the actuals have a slight variance to the budget, therefore forecast to underspend by **(£1,008)**.
- Major works are forecasted to overspend by **£23,518**, due to the building services work which was required after the removal of a temporary cremator.
- Energy budgets are forecast to underspend by **(£35,641)**. The budgets for utilities have been overestimated after the global increase in the cost of gas and electricity last year.
- Cremator abatement and equipment servicing will underspend by **(£19,200)** due to still being within the 24 month warranty period.
- Rates are forecasting an overspend of **£10,090**. The increased rates charges are due to the 2023 revaluation of non-domestic premises by the Valuation Office Agency. The actuals came in a

lot higher than budgeted for, however this will then be taken into consideration for the 2024/25 budget setting.

- Other general premises costs such as cremator repairs and grounds maintenance are forecast to overspend by **£13,792**.

12.3 Supplies and Services

The outturn shows a forecast overspend of **£5,762** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the projected increase in cremations, medical referee expenditure is projected to overspend by **£3,139**.
- The Wesley Music System has overspent by **£1,670** due to a damaged screen which needed fixing and installing.
- Other General office costs are forecast to overspend by **£953**.

12.4 Agency & Contracted

The outturn shows a forecast underspend of **(£1,750)** in relation to agency and contracted services costs. The reasons for this are identified below:

- Trade refuse charges for the year have overspent by **£186**.
- EPA testing has an underspend of **(£1,340)** as it is included in the 24 month warranty.
- The cremation licence shows an underspend of **(£596)** as the one-off payment is lower than originally budgeted for.

12.5 Income

An increase in income of **(£144,229)** from the 2023/24 budget is included within the outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 126 cremations compared to the budget, totalling increased income to budget of **(£94,930)**. The outturn allows for a total of 1,426 cremations against a budgeted 1,300 during 2023/24.
- Miscellaneous Income is expected to overspend by **(£4,200)** due to EV Charging Point and coffee machine income.
- Interest received is forecast to overachieve by **(£35,399)** due to rising interest rates.
- Other income is collectively forecast to overachieve by **(£9,700)**.

13 Earmarked Reserves

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 **£16,905** is required. An additional transfer of **£125,100** is required due to the forecast overspend in year after the distribution of surpluses to the partner authorities. This results in a net transfer from the Cremator Replacement Reserve of **£142,005**.

The retained reserves of the MCJC at 31 March 2024 are forecast to be **£315,668** along with a General Reserve of **£335,880**, giving a forecast total reserves and balances position of **£651,568** 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.