

Mountsett Crematorium Joint Committee

29 April 2024

Financial Monitoring Report –
Provisional Outturn as at 31 March 2024



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 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 March 2024, together with the provisional outturn position for 2023/24, 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 2023 and forecast final position at 31 March 2024, 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 £429,488 against a budgeted surplus of £225,474, which is £204,014 more than than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as £204,014 more 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

£16,905 is required. A transfer of £64,488 to the Cremator Replacement Reserve is required due to the forecast underspend in year. This results in a net transfer to the Cremator Replacement Reserve of £47,583.

- 7 The retained reserves of the MCJC at 31 March 2024 are forecast to be £505,256 along with a General Reserve of £335,880, giving total reserves and balances position of **£841,136** at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2023 to March 2024 financial monitoring report and associated provisional revenue outturn position at 31 March 2024, 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 2023/24 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 2024.

Subjective Analysis	Base Budget 2023/24 £	Year to Date Actual April – March £	Provisional Outturn 2023/24 £	Variance Over/ (Under) £
Employees	227,682	229,357	229,357	1,676
Premises	533,475	570,929	570,929	37,454
Transport	1,400	373	373	(1,027)
Supplies & Services	92,462	110,347	110,347	17,885
Agency & Contracted	7,117	5,367	5,367	(1,750)
Capital Charges	0	0	0	0
Central Support Costs	31,990	31,990	31,990	0
Gross Expenditure	894,126	948,363	948,363	54,238
Income	(1,119,600)	(1,377,851)	(1,377,851)	(258,251)
Net Income	(225,474)	(429,488)	(429,488)	(204,014)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	(139,526)	0	64,488	204,014
- General Reserve	0	0	0	0
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) / from Reserve £	Transfers (to) / from Reserve £	Balance @ 31 March 2024 £
Repairs Reserve	(114,370)	(15,000)	0	(129,370)
Cremator Reserve	(328,303)	0	(47,583)	(375,886)
General Reserve	(318,975)	(366,905)	350,000	(335,880)
Total	(761,648)	(381,905)	302,417	(841,136)

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 £429,488 against a budgeted surplus of £225,474, which is £204,014 more than than the budgeted position.

14 This compares with the previously forecast position, based on income and expenditure to 31 December 2023, as reported to the Joint Committee on 29 January 2024, of 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. The provisional outturn surplus position is therefore £189,588 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 **(£24,264)** lower than projected at quarter 3 as the national pay settlement made the outturn difficult to project at the previous quarter, as well as overtime being lower than estimated previously.
- Premises costs are **(£63,097)** lower than previously projected due to the costs of office improvement works not being as high as anticipated at the December projected outturn.
- Transport costs relating to mileage expenses are **(£327)** less than previously projected.
- Supplies and Service costs are **£12,123** more than previously projected, mainly due to the new Plotbox software system.
- Income is **(£114,022)** higher than previously projected due to unspent funding for capital works which was transferred back to the crematorium, as well as a higher level of bank interest 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:

- Medical referee fees for the final quarter of the year
- Income relating to the 2023/24 CAMEO scheme for mercury abatement credits

15.1 **Employees**

The outturn is overspent by **£1,676**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are overspent by **£1,676** mainly due to the national pay settlement for 2023/24.

15.2 Premises

The outturn shows a forecast overspend of **£37,454** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to energy improvement work overspent by **£114,161**. This work was budgeted to take place in 2020/21 but was delayed.
- One off SAMP budgets relating to the replacement of the chapel doors have been delayed until the next year due to the project not being complete in the current year. It is therefore underspent by **(£7,000)** 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)**.
- One off SAMP work relating to office improvements has come in significantly lower than budget due to the costing of the improvements being overestimated when setting the budget, which is therefore showing an underspend of **(£75,775)**.
- Major works have overspent by **£23,518** due to the removal of a temporary cremator.
- Cremator abatement and equipment servicing are showing an underspend of **(£19,200)** as this is still included in the 24 month warranty.
- Energy budgets are underspent by **(£14,341)**. The budgets for utilities have been overestimated after the global increase in the cost of gas and electricity last year.
- Rates have overspent by **£10,090** due to an increase in rates following the 2023 revaluation of non-domestic properties by the Valuation Office Agency.
- Grounds maintenance costs are forecast to overspend by **£7,878** mainly due to increased winter maintenance costs.
- Other premises costs such as general repairs and cremator repairs are forecast to underspend by **(£868)**.

15.3 **Supplies and Services**

The outturn shows a forecast overspend of **£17,885** in relation to supplies and services costs. The reasons for this are identified below:

- The BACAS License is forecast to overspend by **£19,031** due to the transition to the new Plotbox software system.
- General office and admin costs are forecast to underspend by **(£2,292)**.
- Other supplies and services such as the cost of plaques and sundries are forecast to overspend by **£1,146**.

15.4 **Income**

An increase in income of **(£258,251)** from the 2023/24 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 70 cremations compared to the budget, totalling increased income to budget of **(£32,290)**. The outturn allows for a total of 1,370 cremations against a budgeted 1,300 during 2023/24.
- Miscellaneous Income is expected to overachieve by **(£165,545)** due to the return of unspent capital funding relating to the work for Crematorium Extension and Cremator Replacement, as well as income from EV charging and coffee machine.
- Other income streams such as plaques, webcasting and use of the chapel are forecast to overachieve by **(£18,277)** due to the higher interest in these services linked to the increase in the number of cremations.
- Interest received is overachieved by **(£42,139)** due to rising interest rates since the budget was set.

16 **Earmarked Reserves**

Contributions to the earmarked reserves are forecast as £204,014 more than originally budgeted.

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. A transfer of £64,488 to the Cremator Replacement Reserve is required due to the forecast underspend in

year. This results in a net transfer to the Cremator Replacement Reserve of £47,583.

The retained reserves of the MCJC at 31 March 2024 are forecast to be £505,256 along with a General Reserve of £335,880, giving a total reserves and balances position of £841,136 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 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.