



Report to: **Mansfield and District Joint Crematorium Committee**

Date: 12th December 2022

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Report Summary	
Type of report	Open Report
Report Title	Financial Management Review April-September 2022
Purpose of Report	This report shows the forecasted year end position for the 2022/2023 financial year for the Mansfield Crematorium as at 30 September 2022
Recommendations	1. The financial information provided in appendix 1, table 1 and table 2 is for noting only.

1.0 **Background**

1.1 Summary forecast financial position as at 30 September 2022 for revenue and capital budgets, see appendix 1.

Table 1 below summarises the income and expenditure incurred to 30 September 2022 and the variances to revised budgets expected at the financial year end. Further explanations are provided below where there are significant variances between the forecasted out-turn position and the revised budgets.

Table 1

CREMATORIUM REVENUE	FULL YEAR				1 April 2022 to 30 Sept 2022
Description	Original Budget	Revised Budget	Forecast	Variance - Forecast to Revised Budget	Actuals
Employee Costs	424,241	424,241	445,631	21,390	185,494
Premises Related Expenses	369,305	369,305	409,099	39,794	165,249
Transport Related Expenditure	200	200	200	0	0
Supplies and Services	207,589	207,589	203,149	-4,440	55,453
Support Services	65,343	65,343	67,357	2,014	63,042
Depreciation & Impairment	126,271	126,271	129,265	2,994	0
Revenue Gross Expenditure	1,192,949	1,192,949	1,254,701	61,752	469,238
Revenue Income	-1,963,950	-1,963,950	-2,066,042	-102,092	-1,032,523
Income	-1,963,950	-1,963,950	-2,066,042	-102,092	-1,032,523
Recharge to Cemeteries	-29,051	-29,051	-29,051	0	0
Income Recharges	-29,051	-29,051	-29,051	0	0
Revenue Gross Income	-1,993,001	-1,993,001	-2,095,093	-102,092	-1,032,523
Net Cost of Service	-800,052	-800,052	-840,392	-40,340	-563,285
Depreciation to be Reversed	-126,271	-126,271	-129,265	-2,994	0
Contribution to Capital Fund	51,323	51,323	51,323	0	0
Contribution to General Reserves	0	0	43,334	43,334	0
Below Net Cost of Service	-74,948	-74,948	-34,608	40,340	0
Net (-) Surplus	-875,000	-875,000	-875,000	0	-563,285

CREMATORIUM CAPITAL	FULL YEAR				1 April 2022 to 30 Sept 2022
Description	Original Budget	Revised Budget	Forecast	Variance - Forecast to Revised Budget	Actuals
Capital Unallocated - Original budget for new crematorium	4,676,286	4,676,286	4,626,286	-50,000	0
New Water Main	30,000	30,000	30,000	0	969
Fire Doors and Works	35,000	35,000	35,000	0	1,143
New Development Crematorium	0	0	50,000	50,000	6,896
Mezzanine Works	25,000	25,000	25,000	0	1,091
Flue Ways Works	40,000	40,000	40,000	0	0
Capital Gross Expenditure	4,806,286	4,806,286	4,806,286	0	10,099

1.1.1 Employee Expenses total forecasted variance £21,390.

The main employee expenses increase for quarter 2 is a revised forecast to include the potential pay-rise for 2022/2023. This is expected to be £1,925 per full time employee which is higher than the 2% included in the original budgets.

The original salary budgets for 2022/2023 included the crematorium manager post at a grade 7.4, however the post was regraded to a grade 8, with the current crematorium manager being appointed in May 2022 on grade 8.1. The additional grade costs for 2022/2023 will be offset by the vacancy saving for this post in April 2022. This regrading increase will need to be incorporated into future budget setting report.

The crematorium manager will be undertaking training with the Institute of Cemetery and Crematorium Management (ICCM), which has been estimated at £4,440. The costs for this training will be spread over 2 financial years with 2022/2023 at £1,968 and 2023/2024 at £2,472.

The crematorium manager is reviewing the overtime requirements for the service and has increased the forecast from £15,000 to £20,000 this financial year.

1.1.2 Premises Expenses total forecasted variance £39,794.

The forecast for gas and electricity has increased by £41,685 for 2022/2023. This is based on forecast increases in energy costs. The actual costs for gas and electricity shown in Appendix 1 only include invoices to the end of July 2022 which do not yet reflect the significant increases expected.

The invoice for business rates was £2,139 lower than budget.

Also the MDC Property Services team have been working with their ratings advisors to reduce the rateable value of the crematorium site and have advised that a saving of approximately £5,000 per annum has been achieved. Once the details of the reduction and back-date period have been confirmed by the Valuation Agency Office, then the reduction will be applied to the accounts and reported to the JCC.

1.1.3 Supplies and Services total forecasted variance (£4,440).

The (£4,440) reduced forecast comprises of various minor amendments to supplies and services the main change being for light plant and tools as several items of equipment were updated to electric or battery powered equipment during 2021/2022.

1.1.4 Support Services total forecasted variance £2,014.

Works have been undertaken by MDC Electricians Service between April and July 2022.

1.1.5 Depreciation and Impairment forecast variance £2,994.

The forecast for depreciation has increased to include annual depreciation for a tractor purchased in September 2020.

1.1.5 Income total forecasted variance (£102,092).

Grant income payments have been received (£2,742) from the Children's Funeral Fund to cover the cost of child cremations.

Bank interest forecast has increased to (£16,000) due to higher interest rates and bank balances being higher in year due to no major spend expected on the capital new build development.

The estimated number of cremations used to calculate the cremation fee income for 2022/2023 was 2,100 cremations. The total number of cremations for the period April to September 2022 was 1,171. The cremation income has been re-forecast based on a revised estimate for the number of cremations of 2,200 for 2022/2023. The number of cremations is monitored on a monthly basis and a further review will be undertaken for the quarter 3 update report. The forecast increase in income is estimated at (£85,800).

1.1.6 Capital

At the May 2022 JCC meeting members approved that £130,000 unused capital budget from 2021/2022 could be carried forward into 2022/2023 and allocated to four projects:-

New Water Main	£30,000
Fire Doors & Works	£35,000
Mezzanine Works	£25,000
Flue Ways Works	£40,000

As at the end of September 2022 the only costs incurred to date on these four schemes are MDC Design Services team fees and some external survey works.

Also included in the Capital Budgets for 2022/2023 is the Capital Unallocated budget which is the original budget for the new crematorium of £4,676,286. It is forecast that only £50,000 of the full budget will be required in 2022/2023 for feasibility, topographical and concept design studies, with the remaining budget being carried forward into 2023/2024. Once the full specification for the scheme has been drawn up and approved the budget for this project can be realigned to reflect the costs per annum for the term of the development. A further report will be required with recommendations regarding the borrowing requirements and use of usable reserves to finance this scheme.

1.1.7 Balance Sheet Review – table 2 below shows the balance sheet as at 30 September 2022.

Table 2

Mansfield & District Joint Crematorium		
Balance Sheet as at 30 Sept 2022		
31 March 2022		30 Sept 2022
£		£
1,913,710	Property, Plant & Equipment	1,923,809
1,913,710	Long Term Assets	1,923,809
416,990	Short Term Debtors	219,035
-88,222	Provisions	-88,222
1,708,678	Cash and Cash Equivalents	1,551,826
2,037,446	Current Assets	1,682,639
-897,896	Short Term Creditors	0
-897,896	Current Liabilities	0
-1,546,000	Net Pension Liability	-1,546,000
-1,546,000	Long Term Liabilities	-1,546,000
1,507,261	Net Assets	2,060,448
Financed by:		
606,781	Capital Fund	596,682
0	Surplus/(deficit) in year	563,285
548,921	General Reserve	548,921
1,155,702	Usable Reserves	1,708,888
405,729	Revaluation Reserve	405,729
1,507,981	Capital Adjustment Accounts	1,507,982
-1,562,152	Pension Reserve	-1,562,151
£351,558	Unusable Reserves	351,560
1,507,261	Total Reserves	2,060,448

Property, plant & equipment – transactions for depreciation and any changes in the re-valuation of the crematorium assets will be calculated before the financial year end.

Short term debtors – the total outstanding debtors at 30 September 2022 was £218,330. Table 3 below breaks down the value outstanding per period.

Table 3

Aged Debtor Summary as at 30 September 2022	
Period Invoice Raised	Amount Outstanding
Pre 31 March 2020	£1,910
2020-21 Financial Year	£3,562
2021-22 Financial Year	£8,658
April 2022	£555
May 2022	£1
June 2022	£19,560
July 2022	£7,525
August 2022	£47,700
September 2022	£128,861
TOTAL	£218,330

Provisions – at the financial year end the value required for this provision will be recalculated based on the age and value of outstanding debtor invoices as at 31 March 2023.

Cash and cash equivalents – the main changes relate to the payment of the 2021/2022 allocated surplus to each authority, accrued creditor payments to suppliers and the revenue surplus calculated up to 30 September 2022 in the revenue accounts.

Net pension liabilities – this figure will remain unchanged until the actuary report is received at the financial year end advising of the changes to the value of the JCC pension scheme.

Capital fund – the capital fund is a usable reserve and the brought forward balance as at 1 April 2022 was £606,781, as shown below in table 4. This brought forward balance includes £130,000 that was approved for four capital schemes in 2022/2023, as detailed in 1.1.5 above. It is forecast that only £50,000 of the new crematorium development project will be required in the current financial year. The current capital expenditure total at 30 September 2022 is £10,099, see appendix 1. The capital fund will be partly used to finance the new development crematorium project costs. A revenue contribution will be made at the financial year end to transfer £51,323 into the capital fund.

Table 4

Capital Fund Balance Brought Forward 1 April 2022		£606,781
Less current capital expenditure as at 30 September 2022:		
New Water Main expenditure	£969	
Fire Doors & Associated Works expenditure	£1,143	
Mezzanine Works expenditure	£1,091	
New Development Crematorium expenditure	£6,896	
	£10,099	
Capital Fund Balance as at 30 September 2022		£596,682
Less forecasted capital expenditure to 31 March 2023:		
New Water Main budget balance	£29,031	
Fire Doors & Associated Works budget balance	£33,857	
Mezzanine Works budget balance	£23,909	
Flue Ways Works budget balance	£40,000	
New Development Crematorium estimate 2022/2023 only	£43,104	
		£169,901
Add:		
Revenue Contribution to Capital Fund 2022/2023		£51,323
Capital Fund Forecasted Balance as at 31 March 2023 (Surplus/-Deficit)		£478,104

General reserves – the general reserve is a usable reserve and the brought forward balance as at 1 April 2022 was £548,921 as shown in table 5 below. The general reserves may be partly used to finance the new development crematorium project costs. As forecast in 1.1.7 below as at 30 September 2022 it is forecast that the surplus in excess of the budgeted surplus is £43,334, this forecast would increase the general reserve balance to £592,255 as shown in table 5 below.

Table 5

General Reserves Balance Brought Forward 1 April 2022	£548,921
Forecast excess surplus as at 30 September 2022	£43,334
General Reserves Forecasted Balance as at 31 March 2023 (Surplus/-Deficit)	£592,255

Revaluation reserve – this reserve will remain unchanged until the end of the current financial year.

Capital adjustment account – this account will remain unchanged until the end of the current financial year.

Pension reserve – this reserve will remain unchanged until the actuary report is received at the financial year end advising of the changes to the value of the JCC pension scheme.

1.1.7 Forecast surplus for 2022/2023 as at 30 September 2022.

The position at 30 September 2022 is a surplus of £563,285, see appendix 1.

The year-end forecast position to 31 March 2023 is a surplus of £918,334 compared to the revised budget surplus of £875,000, which is an increase in surplus of £43,334. This is due to revised forecasts for the potential pay-rise for employee salaries and the forecast increase in gas and electricity offset by increased income from bank interest and cremation fee income as detailed in 1.1.1, 1.1.2 & 1.1.5 above. As in previous years any additional surplus achieved in excess of the budgeted surplus will be transferred to General Reserves Usable Reserve at the end of the financial year.

Table 6 below shows the forecast surplus payments to each authority based on the budgeted surplus and the usage to date by area as at 30 September 2022.

Table 6

District	April - September 2022 Number of Cremations	April - September 2022 Usage Percentage	Forecast Budget Surplus £875.000 split
Ashfield	423	43.52%	£380,787
Mansfield	484	49.79%	£435,700
Newark & Sherwood	65	6.69%	£58,513
TOTAL	972	100.00%	£875,000

2 Proposals

To receive and comment upon the Financial Management Review Report April-September 2022 and note its content.

3 Implications

In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability, and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

NIL

					Appendix 1
REVENUE CREMATORIUM	Full Year				1 April 2022 to 31 Sept 2022
Description	Original Budget	Revised Budget	Forecast Budget	Variance Forecast Budget to Revised Budget	Actuals
	£	£	£	£	£
Salaries Basic Pay	308,386	308,386	308,825	439	136,725
Salaries Overtime	15,000	15,000	20,000	5,000	17,202
Salaries National Insurance	26,827	26,827	30,767	3,940	14,349
Salaries Superannuation	60,135	60,135	69,026	8,891	31,098
Salaries Vacancy Savings	-5,930	-5,930	-6,286	-356	0
Superann Additional Allowances	1,315	1,315	1,315	0	668
Pension Deficit Lump Sum	16,151	16,151	16,151	0	-16,151
Advertising Appointments	0	0	410	410	410
Training Expenses Miles	0	0	90	90	90
Training Expenses Staff	600	600	4,033	3,433	1,103
Apprenticeship Levy	1,757	1,757	1,300	-457	0
Employee Related Expenditure	424,241	424,241	445,631	21,390	185,494
Repair/Maintenance Buildings	30,000	30,000	30,000	0	9,003
Grounds Maintenance General	17,500	17,500	17,500	0	1,328
EPA Testing	1,500	1,500	1,200	-300	0
Repair/Maintenance Fixed Plant Cremators	102,000	102,000	102,000	0	14,530
Electricity	51,000	51,000	72,731	21,731	9,219
Gas	43,700	43,700	63,654	19,954	17,885
Rent of Premises	159	159	159	0	0
Business Rates	93,429	93,429	91,290	-2,139	91,290
Sewage/Water Rates	6,300	6,300	6,300	0	1,401
Insurance	19,007	19,007	19,645	638	19,645
Cleaning Materials	4,200	4,200	4,200	0	983
Legionella	510	510	420	-90	-35
Premises Related Expenditure	369,305	369,305	409,099	39,794	165,249
Car Allowances	200	200	200	0	0
Transport Related Expenditure	200	200	200	0	0
Equipment	0	0	0	0	1,036
Furniture Acquisitions	4,000	4,000	4,000	0	600
Hire Equipment	0	0	0	0	63
Light Plant and Tools	4,000	4,000	2,000	-2,000	22
Material Purchases	5,500	5,500	5,500	0	2,887
Rodent Control	750	750	500	-250	0
Office Machinery Replacement	1,000	1,000	500	-500	0
Uniforms	3,000	3,000	3,500	500	1,737
Printing	2,000	2,000	2,000	0	0
Stationery	3,500	3,500	2,000	-1,500	177
Advertising Other	1,500	1,500	1,500	0	0
Hired & Contracted Services (large coffins)	2,000	2,000	2,000	0	173
Waste Collection Skips	1,000	1,000	1,000	0	215
Medical Referee Fees	38,850	38,850	38,850	0	20,942
Payments to Local Authorities	7,007	7,007	7,250	243	2,155
Software Licences	10,078	10,078	10,250	172	0
Mobile Phones	320	320	0	-320	0
Postages	2,000	2,000	500	-1,500	500
Systems Software	300	300	300	0	2,550
Telephones	8,285	8,285	9,500	1,215	3,541
Webcasting Costs	15,000	15,000	15,000	0	5,640
Conference Expenses	1,000	1,000	1,000	0	0
Subscriptions	1,400	1,400	1,400	0	310
Book of Remembrance Inscriptions	8,000	8,000	8,000	0	2,828
External Legal Expenses - valuation	1,500	1,500	1,500	0	0
Memorials	22,099	22,099	22,099	0	6,323
Other Expenses General	500	500	500	0	84
Temporary Memorials	0	0	0	0	2,422
Organist Fees	3,000	3,000	2,500	-500	1,248
CAMEO Non Abatement Fees	60,000	60,000	60,000	0	0
Supplies & Services Expenditure	207,589	207,589	203,149	-4,440	55,453

					Appendix 1
REVENUE CREMATORIUM					1 April 2022 to 31 Sept 2022
Description	Full Year				Actuals
	Original Budget	Revised Budget	Forecast Budget	Variance Forecast Budget to Revised Budget	
	£	£	£	£	£
Building Repairs	0	0	0	0	161
Design Services	7,500	7,500	7,500	0	2,663
Trade Waste/Recycling	7,496	7,496	7,349	-147	7,349
Electricians Service	0	0	2,161	2,161	2,522
Central Corporate Overhead	50,347	50,347	50,347	0	50,347
Support Services	65,343	65,343	67,357	2,014	63,042
Depreciation	126,271	126,271	129,265	2,994	0
Depreciation and Impairment	126,271	126,271	129,265	2,994	0
Revenue Gross Expenditure	1,192,949	1,192,949	1,254,701	61,752	469,238
Grants Current Year - Childrens Funeral Fund	0	0	-2,742	-2,742	-2,742
Book of Remembrance Inscriptions	-20,000	-20,000	-18,000	2,000	-8,978
Charities Collection	0	0	0	0	-646
Crematorium Containers	-200	-200	-100	100	-32
Crematorium Memorials	-70,700	-70,700	-70,700	0	-44,736
Crematorium Memorial Tree Income	-4,000	-4,000	-4,000	0	0
Organist	-4,500	-4,500	-3,750	750	-1,674
Cremation Fees	-1,801,800	-1,801,800	-1,887,600	-85,800	-935,109
Webcasting Fees	-22,500	-22,500	-22,500	0	-13,531
Medical Fees	-38,850	-38,850	-38,850	0	-20,442
Interest Income	-500	-500	-16,000	-15,500	-6,072
Admin Fee Public Health Funeral Administration	-900	-900	-1,800	-900	1,440
Income	-1,963,950	-1,963,950	-2,066,042	-102,092	-1,032,523
Recharges to Cemeteries	-29,051	-29,051	-29,051	0	0
Income Recharges	-29,051	-29,051	-29,051	0	0
Revenue Gross Income	-1,993,001	-1,993,001	-2,095,093	-102,092	-1,032,523
Net Cost of Service	-800,052	-800,052	-840,392	-40,340	-563,285
Depreciation to be Reversed	-126,271	-126,271	-129,265	-2,994	0
Contribution to Capital Fund	51,323	51,323	51,323	0	0
Contribution to General Reserves	0	0	43,334	0	0
Below Net Cost of Service Sub Total	-74,948	-74,948	-34,608	-2,994	0
Net Surplus	-875,000	-875,000	-875,000	-43,334	-563,285
CAPITAL CREMATORIUM					1 April 2022 to 31 Sept 2022
Description	Full Year				Actuals
	Original Budget	Revised Budget	Forecast Budget	Variance Forecast Budget to Revised Budget	
	£	£	£	£	£
Capital Unallocated - Original budget for new crematorium	4,676,286	4,676,286	4,626,286	-50,000	0
New Water Main	30,000	30,000	30,000	0	969
Fire Doors and Works	35,000	35,000	35,000	0	1,143
New Development Crematorium	0	0	50,000	50,000	6,896
Mezzanine Works	25,000	25,000	25,000	0	1,091
Flue Ways Works	40,000	40,000	40,000	0	0
Grand Total	4,806,286	4,806,286	4,806,286	0	10,099