

# Report



## Greater Gwent Crematorium Joint Committee

### Part 1

**Date:** Wednesday 4<sup>th</sup> December 2019

**Subject** **Budget Monitoring Report 2019/20**

**Purpose** To consider the budget monitoring position for 2019/20 to date and agree distributions to be paid

**Author** Joanne Hazlewood

**Ward** General

**Summary** To provide the Committee with up to date budget monitoring data, summary analysis and distribution position.

**Proposal** The Committee is asked to consider the budget position and the impact of the estimated £45k shortfall upon distributions, whereby the shortfall will have to be met from reserves

**Action by** Head of Finance

**Timetable** immediate

This report was prepared after consultation with:

- Paul Dundon, Crematorium Budget Manager
- Jo Gossage, Env & Leisure Service Manager
- Meirion Rushworth, Head of Finance

**Signed**

## Background

### Financial Summary

	<b>FY Budget</b>	<b>Actual to 31 Oct</b>	<b>Forecast</b>	<b>Variance to Budget</b>
<b>Total INCOME</b>	<b>(1,878,274)</b>	<b>(1,072,804)</b>	<b>(1,850,090)</b>	<b>28,184</b>
<b>Employees</b>	321,146	185,723	316,515	(4,631)
<b>Premises</b>	335,217	323,726	426,057	90,840
<b>Transport</b>	1,000	415	781	(219)
<b>Supplies &amp; Services</b>	179,757	75,493	148,277	(31,480)
<b>Capital Financing</b>	53,161	0	53,161	0
<b>Total EXPENDITURE</b>	<b>890,281</b>	<b>585,357</b>	<b>944,791</b>	<b>54,510</b>
<b>(SURPLUS) / DEFICIT</b>	<b>(987,993)</b>	<b>(487,447)</b>	<b>(905,299)</b>	<b>82,694</b>
<b>Less Budgeted Distribution</b>	<b>950,000</b>		<b>950,000</b>	
<b>Additional / (Shortfall) to increase reserves</b>	<b>37,993</b>		<b>(44,701)</b>	

### Explanation of projected variances

**Premises** – Premises related maintenance – the overspend can be attributed to increased external maintenance works and £68k of replacement ductwork maintenance that was carried out in July, which solely accounts for over 50% of the annual budget available.

**Supplies & Services** – £31k underspend for the bulk purchase of burial memorials during the financial year.

**Income** – 28k decrease – despite the fee increase of 12.5% from April, income figures are still slightly less than the same period last financial year, which further supports the fall in cremation numbers.

### **Distribution Forecast**

The Committee agreed to the 2019/20 surplus distribution to be paid in two tranches with the final, 20% tranche being dependent on the outturn / financial position at that time. This was because of the uncertainty in the future financial performance of the crematorium with the introduction of other local facilities which was affecting the level of business.

A key part of this also is the level of reserves attributed to the crematorium and future developments required at the site to maintain and enhance the 'offer' and retain as much business as possible. That work is still outstanding and therefore the potential 'call' on the reserves for this is unknown at this time. However, given the very small variance on the surplus available for distribution – the Head of

Finance/S151 for this Committee is content, at this point, that the full budgeted distribution should be possible by drawing down a small amount from reserves. This will need to be confirmed at the year-end outturn but this level of variance should not pose any immediate difficulty in achieving this.

## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Projected shortfall of £45k	L	H	To ensure the £950,000 distribution can be met the Cte will need to draw on reserves	Head of Finance
Further decline in usage, following the current trend	H	M	Further draw down on reserves or lesser distribution	Head of Finance

## Links to Council Policies and Priorities

The overall aim of this budget monitoring is to ensure the efficient and effective running of the crematorium, making best use of resources to provide the delivery of the crematorium services and provide a distribution of surpluses to constituent Councils.

## Options Available and considered

1. To meet the budgeted distributions of £950,000 by drawing upon reserves given the small overall budget variance
2. To not make the budgeted distribution given the variance on the overall budget and retain reserves for future development costs

## Preferred Option and Why

Whilst the decision here is taken at the outturn stage, it is proposed that the budgeted distribution is made, as long as the overall variance is relatively small.

## Comments of Chief Financial Officer

The monitoring points to a small overall variance. Given this level, it is anticipated, at this point, that the full distribution will be payable by using a small amount of reserves, but this will need to be confirmed at the outturn position.

The Committee discussed the need for an investment plan at their last meeting so that the 'offer' at this crematorium was as good/better than other crematoriums nearby. That plan is still outstanding and should be prioritised so that appropriate financial planning can be undertaken to meet the agreed plan.

## Comments of Monitoring Officer

The Monitoring Officer has approved the report for consideration

## Comments of Head of People and Business Change

There are no HR or People and Business Change related matter arising from this report

## **Comments of Cabinet Member**

Noted that the budgeted distribution can be achieved by a small drawdown from reserves and this will need to be confirmed at the outturn point.

## **Local issues**

Not applicable

## **Scrutiny Committees**

Not applicable

## **Equalities Impact Assessment and the Equalities Act 2010**

Not applicable

## **Children and Families (Wales) Measure**

Not applicable

## **Wellbeing of Future Generations (Wales) Act 2015**

Not applicable

## **Crime and Disorder Act 1998**

Not applicable

## **Consultation**

Not applicable

## **Background Papers**

Not applicable

Dated: 26 November, 2019