

Report



Greater Gwent Crematorium Joint Committee

Part 1

Date: 29 September 2021

Subject Budget Monitoring Report 2021/22

Purpose To consider the budget monitoring position for 2021/22 to end of August

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Ward General

Summary To provide the Committee with up to date budget monitoring data and summary analysis

Proposal The Committee is asked to consider the budget position, and the potential impact on reserves, if we maintain the current level of distribution

Action by Head of Finance

Timetable Immediate

Signed

Background

Financial Summary

	FY Budget	Actual to 31 Aug	Forecast	Variance to Budget
Total INCOME	(1,391,040)	(417,025)	(1,137,000)	254,040
Employees	334,139	133,722	329,830	(4,309)
Premises	350,184	258,320	506,004	155,820
Transport	1,010	38	400	(610)
Supplies & Services	180,623	49,376	172,528	(8,095)
Capital Financing	53,161	0	53,161	0
Total EXPENDITURE	919,117	441,456	1,061,923	142,806
(SURPLUS) / DEFICIT	(471,923)	24,431	(75,077)	396,846
Less Budgeted Distribution	950,000		950,000	
Decrease to Balances	478,077		874,923	

Potential impact on Reserves at 31st March 2022

Reserves b/f £1,437,303	959,226		562,380	
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When the estimates were approved by Committee, it was agreed to maintain the current level of distribution for this financial year, by drawing from reserves, however in light of the most recent data, the potential reserves drawdown indicates that Committee balances would be reduced to just over 500k.

Explanation of projected variances

Premises – the over spend can be largely attributed to the installation cost of a replacement heat exchanger unit and fan for the mercury abatement equipment. This was necessary expenditure, as without it, 2 cremators would be inoperable.

Premises related costs have increased by 44% in the last 4 years, and this is due to the age and nature of the equipment at the crematorium.

Supplies & Services – 8k underspend is due to there being surplus budget held for the bulk purchase of burial memorials during the financial year. The projected surplus in supplies and services is less than previous years, as it has been partly offset by additional committed expenditure for a database upgrade, and also the revenue budget is holding the costs of the full audio upgrade, which was one of the items previously agreed by Committee to come out of reserves.

Income – the position as at the end of August, is showing a forecast of £254k less income than budgeted, and the table below highlights that this is due to the decrease in cremation numbers compared to the same period last year, however Gwent Crematorium have improved their offering, as agreed by Committee, by having a full audio upgrade, including external speaker replacement, and the ability to show visual tributes during the service. Longer service times have also been introduced, and in the last 2 months there has been an increase in cremation numbers. Income will be monitored closely going forward, but we hope to report a more favourable position at the next meeting, if cremation numbers continue to rise.

Cremation numbers:	20/21	21/22	Variance
Apr	223	111	-112
May	240	93	-147
Jun	140	83	-57
Jul	91	100	9
Aug	98	121	23
Adult cremation fee £828	792 655,776	508 420,624	-284 235,152

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 £874k	H	H	To ensure the £950k distribution can be met, the Committee will need to make a substantial draw on reserves	Head of Finance
Increase in building maintenance costs	H	H	Replacement of boiler/fan to ensure the operation of 2 cremators, and reduce ongoing maintenance costs	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 authorities

Options Available and considered

1. To note the budget monitoring position as at the end of August, and the potential impact on the level of reserves currently held, which was to enable the ongoing programme of essential works to continue
2. To note the budget monitoring position as at the end of August, and consider reducing the level of distribution for this financial year, to enable the ongoing programme of essential works to continue

Preferred Option and Why

To note the current budget monitoring position and consider reducing the distribution for this financial year, to enable the ongoing programme of essential works to continue

Comments of Chief Financial Officer

The financial forecast this year shows some significant issues and risks. Maintaining the budgeted distribution is unlikely to be prudent based on the forecast figures shown, as it would leave very little reserves, and will need to be discussed in detail in the Committee's next meeting, when there should be more certainty on the forecasts. The income levels seem to be stabilising at this point and will need to be reviewed for longer, to ensure that is sustained and is reflected in the impact on forecast income. In addition to the above, the level of reserves is unlikely to be sufficient to maintain the distribution at £950k across the Gwent Councils in 2022/23 and onwards. Options will need to be considered in the next meeting when there is more certainty on this current year's financial position and reserve position.

I have asked finance staff to liaise with other Gwent Councils and provide them with details of the potential risk to maintaining the distribution in order for them to plan their medium term and 2022/23 budget position. This will then need to be confirmed after the Committee's next meeting but prior notice of the potential risk for their consideration would be helpful and necessary for them.

Comments of Monitoring Officer

There are no legal issues arising from this report

Comments of Head of People and Business Change

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

Comments of Cabinet Member

The Cabinet Member has approved the report

Local issues

Not applicable

Scrutiny Committees

Not applicable

Fairness and Equality Impact Assessment:

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

In the main, this is not applicable as the accounts are a backwards looking document, reporting on facts as at 31st August 2021. In saying this, the Committee are mindful of the Act when considering financial issues and the reserves and provisions in the Crematorium accounts and how these contribute to the achievement of the Act, in particular securing financial resilience and managing risks.

- **Equality Act 2010**
Not applicable
- **Socio-economic Duty**
Not applicable
- **Welsh Language (Wales) Measure 2011**
Not applicable

Crime and Disorder Act 1998

Not applicable

Consultation

Not applicable

Background Papers

Not applicable

Dated: 22 September, 2021