

**Mountsett Crematorium Joint
Committee**

29 April 2019

**Financial Monitoring Report –
Provisional Outturn as at 31 March 2019**



Joint Report of

**Ian Thompson, Corporate Director of Regeneration and Local
Services**

**John Hewitt, 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 2018/19 and the projected level of reserves and balances at 31 March 2019.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2018 to 31 March 2019, together with the provisional outturn position for 2018/19, 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 2018 and forecast final position at 31 March 2019, 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 £424,643 against a budgeted surplus of £304,314, £120,329 more than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as £120,329 more than originally budgeted, due mainly to the additional cremations carried out throughout the year.

- 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 £13,755 is required.
- 7 The retained reserves of the MCJC at 31 March 2019 are forecast to be £347,149 along with a General Reserve of £278,055, giving a forecast total reserves and balances position of £625,204 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2018 to March 2019 financial monitoring report and associated provisional revenue outturn position at 31 March 2019, 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 Regeneration and Local Services' Management Team on a monthly 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 2018/19 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 2019.

Subjective Analysis	Base Budget 2018/19 £	Year to Date Actual April – March £	Provisional Outturn 2018/19 £	Variance Over/ (Under) £
Employees	151,436	142,189	144,839	(6,597)
Premises	144,350	117,597	289,669	145,319
Transport	600	506	506	(94)
Supplies & Services	65,949	67,334	67,346	1,397
Agency & Contracted	9,520	6,304	6,364	(3,156)
Capital Charges	222,712	0	0	(222,712)
Central Support Costs	27,970	27,970	27,970	0
Gross Expenditure	622,536	361,900	536,695	(85,842)
Income	(926,850)	(960,914)	(961,337)	(34,487)
Net Income	(304,314)	(599,014)	(424,643)	(120,329)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	124,424	0	244,753	120,329
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	107,178	107,178	0
35% Gateshead Council	57,712	57,712	57,712	0

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2018 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2019 £
Repairs Reserve	(39,370)	(15,000)	0	(54,370)
Cremator Reserve	(61,781)	(244,753)	13,755	(292,779)
General Reserve	(264,300)	(178,645)	164,890	(278,055)
Total	(365,451)	(438,398)	178,645	(625,204)

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 £424,643 against a budgeted surplus of £304,314, £120,329 more than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2018, as reported to the Joint Committee on 31 January 2019, of a surplus (before transfers to

reserves and distribution of surpluses to the partner authorities) of £446,694 against a budgeted surplus of £304,314, £142,380 more than the budgeted position. The provisional outturn position is therefore £22,051 below what was previously forecast, which is a combination of reduced expenditure (£31,662) offset by reduced income (£53,713). A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:

- Employee costs are £385 higher than projected at quarter 3.
- General Premises costs are (£34,366) lower than previously projected mainly due to the reduced repair costs to the Book of Remembrance and the cremator replacement works.
- Transport costs relating to mileage expenses are £18 higher than previously projected.
- General Supplies and Service costs are £1,497 higher than previously projected.
- Agency and Contracted Services are £804 higher than previously projected due to increased grounds maintenance costs.
- Income is £53,713 lower than previously projected mainly due to a reduced level of cremations in the last three months compared to the numbers forecast in January.

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, 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:

- Gas, electric and water charges not yet received from utility companies
- Medical Referee fees for the final quarter
- CAMEO income

15.1 **Employees**

The outturn shows an under spend of **(£6,597)**, in relation to employee costs. The reasons for this are identified below:

- The training budget was not required this year resulting in an underspend of **(£1,500)**.

- The Business Admin Apprentice costs were lower than budgeted due to the Apprentice only starting in September and have underspent by **(£7,411)**
- The staff overtime budget is forecast has overspent by **£2,314** due to additional weekend working.

15.2 Premises

The outturn shows a forecast overspend of **£145,319** in relation to premises costs. The reasons for this are identified below:

- The replacement of the exterior gates was not required, instead the gates were repaired, which has resulted in an underspend of **(£4,620)**.
- The redecoration works were not completed in 2017/18 due to the bad weather and the external works being delayed and had to be completed in the current year resulting in an overspend of **£4,356**.
- The repairs to the Book of Remembrance underspent by **(£19,489)**. The estimated cost of the work was significantly less than predicted resulting in the underspend.
- Cremator servicing and repairs underspent by **(£14,620)** due to the old cremators being replaced during 2017/18.
- Utilities budgets are expected to overspend by **£25,397** due mainly to significant increases in electricity tariffs charged from April 2018 and the increased time taken to heat the cremators.
- The costs relating to the extension and new cremators are being funded directly through the revenue account and therefore this area of the budget is **£153,505** overspent. This overspend is offset by the capital charges underspend due to not having to take out a loan for the works.
- Equipment servicing and repairs overspent by **£791**.

15.3 Supplies and Services

The outturn shows a forecast overspend of **£1,397** in relation to supplies and services costs. The reasons for this are identified below:

- The one off purchases of a pressure washer and vac sweeper underspent by **(£1,373)**.
- Equipment purchase, rental and replacement overspent by **£1,563** due to the Book of Remembrance VRS equipment needing replacing.

- General office costs including telephones and office equipment overspent by **£1,207**.

15.4 **Capital Charges**

The outturn shows an underspend of **(£222,712)** in relation to capital charges. The reasons for this are highlighted below:

- The loan from DCC for the Major Works was not required and instead paid from the Premises budget, resulting in an underspend of **(£222,712)**.

15.5 **Income**

An increase in income of **(£34,487)** from the 2018/19 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- Memorial Plaque income was **(£12,224)** higher than budget due to the niche units being available for purchase.
- The outturn includes an additional 30 cremations compared to the budget, totalling an increased income to budget of **(£18,048)**. The outturn allows for a total of 1,330 cremations against a budgeted 1,300 during 2018/19.
- Bank interest and Book of Remembrance income is forecast to be **(£4,215)** higher than budget.

16 **Earmarked Reserves**

Contributions to the earmarked reserves are forecast as **£120,329** more than originally budgeted, due mainly to the additional cremations carried out throughout the year.

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 **£13,755** is required.

The retained reserves of the MCJC at 31 March 2019 are forecast to be **£347,149** along with a General Reserve of **£278,055**, giving a forecast total reserves and balances position of **£625,204** 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.