

Mountsett Crematorium Joint Committee

24 June 2019

**Revenue Outturn & Joint Committees
Annual Return for the Financial Year
Ended 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 seeks approval of the Joint Committees Annual Return (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2019. It also includes details of the final outturn position against the approved budgets for 2018/19.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2018 to 31 March 2019, 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 final position at 31 March 2019, taking into account the updated financial outturn.
- 4 The revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £422,992 against a budgeted surplus of £304,314, £118,679 more than the budgeted position.
- 5 Contributions to the earmarked reserves are £118,679 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 £345,499 along with a General Reserve of £278,055, giving a total reserves and balances position of £623,554 at the year end.

Recommendation(s)

- 8 It is recommended that:-
 - Members note the revenue outturn position as at 31 March 2019, including the year end position with regards to the reserves and balances of the Joint Committee.
 - Members of the Joint Committee approve Section 1 – Annual Governance Statement 2018/19 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2019 (attached at Appendix 3).
 - Members of the Joint Committee approve Section 2 – Accounting Statements 2018/19 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2019 (attached at Appendix 3).
 - The Chair, Clerk and Treasurer sign the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2019 (attached at Appendix 3).

Background

- 9 The Joint Committees Annual Return will be subject to external audit by the Joint Committee's appointed external auditors, Mazars LLP and the limited assurance audit will commence on 5 July 2019. Upon completion, the auditor's report will be presented to the Joint Committee and will be made available online, along with the Return.
- 10 The attached Joint Committees Annual Return is not a compulsory requirement for the Mountsett Crematorium Joint Committee but is good practice. Also attached for Members attention at Appendix 2 is the Balance Sheet as at 31 March 2019.

Financial Performance

- 11 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.
- 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 revenue outturn financial performance of the Mountsett Crematorium as at 31 March 2019.

Subjective Analysis	Base Budget 2018/19 £	Outturn 2018/19 £	Variance Over/ (Under) £	MEMO – Provisional Outturn (29.04.19) 2018/19 £
Employees	151,436	144,839	(6,597)	144,839
Premises	144,350	291,277	146,928	289,669
Transport	600	506	(94)	506
Supplies & Services	65,949	67,389	1,440	67,346
Agency & Contracted	9,520	6,364	(3,156)	6,364
Capital Charges	222,712	0	(222,712)	0
Central Support Costs	27,970	27,970	0	27,970
Gross Expenditure	622,536	538,346	(84,191)	536,695
Income	(926,850)	(961,338)	(34,488)	(961,337)
Net Income	(304,314)	(422,992)	(118,679)	(424,643)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	15,000	0	15,000
- Cremator Reserve	124,424	243,102	118,679	244,753
Distributable Surplus	(164,890)	(164,890)	0	164,890
65% Durham County Council	107,178	107,178	0	107,178
35% Gateshead Council	57,712	57,712	0	57,712

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)	(243,102)	13,755	(291,129)
General Reserve	(264,300)	(178,645)	164,890	(278,055)
Total	(365,451)	(436,747)	178,645	(623,554)

Explanation of Significant Variances between Original Budget and Forecast Outturn

- 13 The final outturn position is broadly in line with the provisional outturn position reported to the Joint Committee on 29 April 2019, with only minor changes across a number of budget levels at the final outturn (£1,651 decrease) to the overall net income for the year.

14 The following section outlines the reasons for significant variances by subjective analysis area (most of which was disclosed in the provisional outturn report), comparing the outturn position against the budget.

14.1 **Employees**

The outturn shows an underspend 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 has overspent by **£2,314** due to additional weekend working.

14.2 **Premises**

The outturn shows an overspend of **£146,928** 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 overspent by **£25,346** 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 and general repairs overspent by **£2,450**.

14.3 **Supplies and Services**

The outturn shows a overspend of **£1,440** 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 **£1,250**.

14.4 **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)**.

14.5 **Income**

An increase in income of **(£34,488)** 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 was **(£4,216)** higher than budget.

15 **Earmarked Reserves**

Contributions to the earmarked reserves are **£118,679** more than originally budgeted, due mainly to the additional cremations carried out throughout the year and a reduction in the Cremator Replacement and Extension costs.

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 **£345,499** along with a General Reserve of **£278,055**, giving a total reserves and balances position of **£623,554** 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.

Appendix 2 – Balance Sheet as at 31 March 2019

Mounstett Crematorium Joint Committee

Balance Sheet as at 31st March 2019

31st March 2018 £000		31st March 2019 £000
0	Property, Plant & Equipment	0
0	Intangible Assets	0
0	Long Term Investments	0
0	Long Term Debtors	0
0	Long Term Assets	0
0	Short term Investments	0
0	Inventories	0
39	Short Term Debtors	24
712	Cash & Cash Equivalents	823
751	Current Assets	847
0	Short Term Borrowing	0
(386)	Short Term Creditors	(223)
0	Provisions	0
(386)	Current Liabilities	(223)
0	Long term Creditors	0
0	Provisions	0
0	Long Term Borrowing	0
0	Other Long Term Liabilities	0
0	Long Term Liabilities	0
365	NET ASSETS	624
(365)	Usable Reserves	(624)
0	Unusable Reserves	0
(365)	TOTAL RESERVES	(624)