

# **Mountsett Crematorium Joint Committee**

**28 January 2020**

**Financial Monitoring Report – Position  
at 31/12/19, with Projected Revenue and  
Capital Outturn at 31/03/20**



## **Joint Report of**

**Geoff Paul, Interim 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 To provide members of the Mountsett Crematorium Joint Committee with details of the updated forecast outturn position for 2019/20 and the projected level of reserves and balances at 31 March 2020.

## **Executive summary**

- 2 This report sets out details of income and expenditure in the period 1 April 2019 to 31 December 2019, together with a forecast revenue outturn position for 2019/20, highlighting areas of over / underspends against the approved budgets at a service expenditure analysis level.
- 3 The report also details the funds and reserves of the Joint Committee at 1 April 2019 and forecast final position at 31 March 2020, taking into account expenditure to date and forecasts to the year end.
- 4 The projected revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £602,681 against a budgeted surplus of £506,709, £95,972 more than the budgeted position.
- 5 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 £8,460

is required. This results in a net transfer to the Cremator Replacement Reserve of £229,221.

- 6 The retained reserves of the MCJC at 31 March 2020 are forecast to be £589,720 along with a General Reserve of £286,515, giving a forecast total reserves and balances position of £876,235 at the year end.

### **Recommendation(s)**

- 7 It is recommended that Members note the April to December 2019 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2020, including the projected year position with regards to the reserves and balances of the Joint Committee.

## Background

- 8 Scrutinising the financial performance of the 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

- 9 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.
- 10 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.

Subjective Analysis (Type of Expenditure)	Base Budget 2019/20 £	Year to Date Actual April – December £	Probable Outturn 2019/20 £	Variance Over/ (Under) £
Employees	153,575	111,454	154,041	466
Premises	179,881	90,094	139,922	(39,959)
Transport	600	2,685	2,962	2,362
Supplies & Services	77,644	45,222	93,678	16,034
Agency & Contracted	8,211	4,805	4,805	(3,406)
Central Support Costs	28,430	28,430	28,430	0
<b>Gross Expenditure</b>	<b>448,341</b>	<b>282,691</b>	<b>423,838</b>	<b>(24,504)</b>
<b>Income</b>	<b>(955,050)</b>	<b>(743,996)</b>	<b>(1,026,519)</b>	<b>(71,469)</b>
<b>Net Income</b>	<b>(506,709)</b>	<b>(461,306)</b>	<b>(602,681)</b>	<b>(95,972)</b>
<b>Transfer to / (from) Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	141,709	0	237,681	95,972
- General Reserve				
<b>Distributable Surplus</b>	<b>(350,000)</b>	<b>0</b>	<b>(350,000)</b>	<b>0</b>
<b>65% Durham County Council</b>	<b>227,500</b>	<b>113,750</b>	<b>227,500</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>122,500</b>	<b>91,875</b>	<b>122,500</b>	<b>0</b>

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2019 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2020 £
Repairs Reserve	(54,370)	(15,000)	0	(69,370)
Cremator Reserve	(291,129)	(237,681)	8,460	(520,350)
General Reserve	(278,055)	(358,460)	350,000	(286,515)
<b>Total</b>	<b>(623,554)</b>	<b>(611,141)</b>	<b>358,460</b>	<b>(876,235)</b>

### Explanation of Significant Variances between Original Budget and Forecast Outturn

11 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 £602,681 against a budgeted surplus of £506,709, £95,972 more than the budgeted position. This compares to the previous forecast, as reported to the September meeting, of a surplus of £565,549 - £58,840 more than the budgeted position.

12 The following section outlines the reasons for any significant budget variances by subjective analysis (type of expenditure) area:

#### 12.1 *Employees*

The outturn shows an overspend of **£466**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are forecast to overspend by **£466** due mainly to additional overtime costs to cover long term sickness absence.

#### 12.2 *Transport*

The outturn shows an overspend of **£2,362**, in relation to transport costs. The reasons for this are identified below:

- Transport costs are forecast to overspend by **£2,362** due to hire of a vehicle to transport a member of staff between Durham and Mountsett Crematorium to assist with staff shortages.

#### 12.3 *Premises*

The outturn shows a forecast underspend of **(£39,959)** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to the re-lining of 2 hearths is not required following an inspection by ATI, resulting in an underspend of **(£8,500)**;
- One off SAMP budgets relating to the re-roofing is not required following an inspection from Corporate Property and Land, resulting in an underspend of **(£20,000)**;
- One off SAMP budgets relating to the plot extension is forecast to underspend by **(£2,500)**;
- One off SAMP budgets relating to redecoration works are expected to underspend by **(£2,260)**;
- General premises costs such as cremator servicing and repairs and building maintenance is forecast to underspend by **(£5,700)**;
- Equipment purchase and rental is expected to overspend by **£16,000** due to the purchase of a new lawn mower;
- Rates are forecast to underspend by **(£19,999)** as the expected increase in costs did not materialise following the revaluation by the Valuation Office Agency once the extension build was completed. The rates budget was increased in anticipation of an increased liability; and
- Utilities expenditure is forecast to overspend by **£3,000** mainly due to increases in gas charges. The gas exchanger is still not connected, and the cremators are still taking longer than average to heat up resulting in higher gas consumption.

#### 13.4 *Supplies and Services*

The outturn shows a forecast over spend of **£16,034** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the increase in cremations (highlighted later within the income section of the report), medical referee expenditure is forecast to overspend by **£2,730**;
- Unbudgeted consultant fees in relation to the ongoing cremator issues have resulted in an overspend of **£6,000**;
- Replacement of the service books is expected to underspend by **(£2,100)** as a discount was applied for bulk buying;
- Book of Remembrance and BACAS licence costs are expected to overspend by **£2,704** due to a one off upgrade in the system and online set up for the BOR;
- Purchase of plaques is forecast to overspend by **£3,000** due to increased demand; and

- General office costs including Wesley Music System, printing and office equipment is forecast to overspend by **£3,700**.

### 13.5 Income

An increase in income of **(£71,469)** from the 2019/20 budget is included within the outturn forecasts. The reasons for this are identified below:

- The outturn includes an additional 103 cremations compared to the budget, totalling a forecast increased income to budget of **(£72,100)**. The outturn allows for a total of 1,403 cremations against a budgeted 1,300 during 2019/20;
- Miscellaneous sales and Book of Remembrance entries are expected to be lower than budget resulting in an underachievement of income of **£4,600**;
- Sale of plaque income is forecast to generate additional income of **(£3,000)** compared to budget;
- Interest received and other miscellaneous income is forecast to be greater than budget resulting in additional income of **(£3,200)**; and
- Income relating to the CAMEO mercury abatement scheme is expected to underachieve by **£2,231**.

### 13 Earmarked Reserves

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 **£8,460** is required. This results in a net transfer to the Cremator Replacement Reserve of **£229,221**.

The retained reserves of the MCJC at 31 March 2020 are forecast to be **£589,720** along with a General Reserve of **£286,515**, giving a forecast total reserves and balances position of **£876,235** at the year end.

---

<b>Contact:</b>	Paul Darby	Tel: 03000 261930
	Ed Thompson	Tel: 03000 263481

---

---

## **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 MCJC.

### **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 the 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.

### **Climate Change**

None.