

## Mountsett Crematorium Joint Committee

23 September 2010

Financial Monitoring Report – Position at  
31/8/10, with Projected Outturn at 31/03/11



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**Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Jeff Garfoot – Head Of Finance: Resources ( interim Treasurer to the Joint Committee)**

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### Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April to 31 August 2010, with a projection of the anticipated outturn to 31 March 2011, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also sets out details of the funds and reserves of the Joint Committee at 1 April 2010 and estimated position at 31 March 2011, taking into account the forecast financial outturn.

### Background

3. Prior to Local Government Reorganisation the Crematorium's budget was held within Derwentside District Council's General Services budget area and was monitored as part of the Authority's monthly budgetary control process. However, as the Crematorium Committee has previously only met 2-3 times a year, budget reports were generally only presented to members at the year-end.
4. The 2008-09 external audit "issues arising" letter recommends that, in order to improve financial governance, regular budgetary control reports are presented to Members of the Joint Committee, on at least a quarterly basis. Members will note that the forward plan now incorporates quarterly financial monitoring reporting.

### Financial Performance.

5. Budgetary control reports, incorporating outturn projections, are considered by Neighbourhood Services' Management Team on a monthly basis. The County Councils Corporate Management Team also considers monthly budgetary control reports, with quarterly reports being considered by Cabinet / Scrutiny Committee. The year to date and outturn projections for the Mountsett Crematorium are included within these reports.
6. The projections included in this report have been calculated using income and expenditure for the year to date, consideration of expenditure patterns in previous years and information supplied by the Superintendent Registrar. The following table highlights the year to date actual and projected outturn financial performance for the current year.

<b>Subjective Analysis</b>	<b>Original Base Budget 2010/11 £</b>	<b>Year to Date Actual (Apr-Aug) £</b>	<b>Probable Outturn 2010/11 £</b>	<b>Variance Over/ (Under) £</b>
Employees	115,615	51,323	112,245	(3,370)
Premises	119,100	8,160	151,854	32,754
Transport	300	33	300	0
Supplies & Services	68,250	12,464	59,870	(8,380)
Agency & Contracted	17,415	0	17,415	0
Transfer Payments	0	0	0	0
Capital Charges	0	0	0	0
Central Support Costs	8,330	0	8,330	0
<b>Gross Expenditure</b>	<b>329,010</b>	<b>71,980</b>	<b>350,014</b>	<b>21,004</b>
<b>Income</b>	<b>(573,900)</b>	<b>(215,352)</b>	<b>(570,864)</b>	<b>3,036</b>
<b>Net Income</b>	<b>(244,890)</b>	<b>(143,372)</b>	<b>(220,850)</b>	<b>24,040</b>
<b>Transfer to/ (from)Reserves</b>				
- Repairs Reserve	15,000	0	(9,040)	(24,040)
- Cremator Reserve	65,000	0	65,000	0
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</b>	<b>0</b>
<b>35% to Gateshead</b>	<b>57,712</b>	<b>0</b>	<b>57,712</b>	<b>0</b>
<b>65% to Durham County</b>	<b>107,178</b>	<b>0</b>	<b>107,178</b>	<b>0</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 31 March 2010 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2011 £</b>
Cremator Replacement Reserve	(160,412)	(65,000)	0	(225,412)
Major Repairs Reserve	(37,547)		9,040	(28,507)
<b>Total</b>	<b>(197,959)</b>	<b>(65,000)</b>	<b>9,040</b>	<b>(253,919)</b>

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

7. The following section outlines the reasons for significant variances by subjective analysis area.

### 7.1 Employees

The probable outturn is projecting a £3,370 saving based on current staffing levels. The base budget assumed a 1.00% pay award, however, it is anticipated that this will not materialise. In addition to this, are savings of £926 arising from winter working patterns and an anticipated reduction in holiday cover payments of £1600.

## 7.2 Premises

As per the Superintendent's Report, additional / unbudgeted premises costs (relating to car park resurfacing, replacement metal fencing and replacement paths) have resulted in an estimated overspend of £32,754. The tendering of these works was approved by the Committee at the meeting on 25 June 2010.

## 7.3 Supplies and Services

The underspend within Supplies and Services is two fold, The Wesley Music System has cost £2,300 more than was budgeted, however, this is offset by the Mercury Abatement Budget of £10,680 which will not be required until 1<sup>st</sup> December 2013

## 7.4 Income

The 2010/11 budget assumed there would be 1134 cremations in 2010/11. Funeral Directors have identified that a 7% reduction in cremations is expected compared to 2009/2010, however as a result of the prudence shown during the 2010/11 budget setting process, this results in a slight reduction in income receivable (£3,036) to the Crematorium.

## 7.5 Earmarked Reserves

The additional premises costs, requiring funding from the Repairs Reserve, have been slightly reduced due to underspends on Supplies and Services and Employees costs (net of unachievable income). This has resulted in a necessary contribution **from** the reserve of £9,040 rather than a contribution **into** the reserve of £15,000 as budgeted.

The contribution of £65,000 to the Cremator Reserve is currently projected in line with the original budget resulting in a year end reserve of £225,412

Overall the earmarked reserves projection for 2010/11 is £253,919

## Recommendations and reasons

8 It is recommended that:-

- Members note the April - August 2010 Revenue financial monitoring report, treatment regarding the funding of the additional premises costs and the revenue forecasts in terms of the outturn position 2010/11; and
- Quarterly reports continue to be submitted to Members for consideration, in line with the Forward Plan.

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### Contact(s):

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## **Appendix 1: Implications**

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### **Finance**

Full details of the year to date and projected outturn financial performance of the Mountseth Crematorium are included within the body of the report.

### **Staffing**

There are no staffing implications associated with this report.

### **Equality and Diversity**

None

### **Accommodation**

None

### **Crime and disorder**

None

### **Sustainability**

None

### **Human rights**

None

### **Localities and Rurality**

None

### **Young people**

None

### **Consultation**

Officers of Gateshead Council were consulted on the contents of this report.

### **Health**

None