

## Mountsett Crematorium Joint Committee

30 October 2009



Financial Monitoring Report – Position at  
30/09/09, with Projected Outturn at 31/03/10



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### Joint Report of Corporate Directors of Neighbourhood Services and Corporate Resources

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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 30 September 2009, with a projection of the anticipated outturn to 31 March 2010, 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 2009 and estimated position at 31 March 2010, 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, in the past, 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 Treasurer's forward plan and suggested meeting schedule considered earlier has incorporated quarterly financial monitoring reporting.

#### Financial Performance

5. In terms of this budgetary control report, the year to date actual position has been extracted directly from the general ledger in Oracle, through which all former County Council transactions are processed.
6. As members may be aware, the former District Council financial management systems continue to be used for accounts payable and accounts receivable transactions. All these transactions are interfaced into Oracle on a daily basis, in accordance with mapping work undertaken in March, which effectively replicated the District cost centres within Oracle. All payroll costs are processed via the County Council's Northgate Resourcelink System and is interfaced directly into Oracle.

7. 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.
8. The projections 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.

<b>Subjective Analysis</b>	<b>Original Base Budget 2009/10 £</b>	<b>Year to Date Actual (Apr-Sep) £</b>	<b>Probable Outturn 2009/10 £</b>	<b>Variance Over/ (Under) £</b>
Employees	112,730	57,922	110,329	(2,401)
Premises	89,300	70,039	88,625	(675)
Transport	100	120	390	290
Supplies & Services	58,850	12,599	47,182	(11,668)
Agency & Contracted	16,000	0	15,850	(150)
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>285,310</b>	<b>140,680</b>	<b>270,706</b>	<b>(14,604)</b>
<b>Income</b>	<b>(485,200)</b>	<b>(246,970)</b>	<b>(507,450)</b>	<b>(22,250)</b>
<b>Net Income</b>	<b>(199,890)</b>	<b>(106,290)</b>	<b>(236,744)</b>	<b>(36,854)</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	20,000	0	20,000	0
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>0</b>	<b>(201,744)</b>	<b>(36,854)</b>
<b>35% to Gateshead</b>	<b>57,712</b>	<b>0</b>	<b>70,610</b>	<b>12,899</b>
<b>65% to Durham County</b>	<b>107,178</b>	<b>0</b>	<b>131,134</b>	<b>23,955</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2009 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2009 £</b>
Cremator Replacement Reserve	(123,670)	(20,000)	0	(143,670)
Major Repairs Reserve	(17,428)	(15,000)	6,600	(25,828)
<b>Total</b>	<b>(141,098)</b>	<b>(35,000)</b>	<b>6,600</b>	<b>(169,498)</b>

## **Explanation of Significant Variances Between Original Budget and Forecast Outturn**

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

### *9.1 Employees*

The probable outturn is projecting a £2,401 saving based on current staffing levels. The base budget assumed a 1.50% pay award, however, the outturn projections factor in the agreed 1% pay award.

### *9.2 Premises*

This is mainly due to a predicted underspend on water rates.

### *9.3 Supplies and Services*

This saving is mainly due to the budgeted payment in respect of the DEFRA Mercury Abatement scheme which has been deferred until 2013, partly offset by unbudgeted Trade Refuse charges of £1,790 which are factored into the outturn.

### *9.4 Income*

The projected additional income of £22,250 is due to an increase in the number of cremations carried out during the year, which can be partially attributed to the closure of Saltwell Crematorium for a period of approximately 12 weeks.

### *9.5 Earmarked Reserves*

Contributions from the revenue surplus towards earmarked reserves are forecast to be as per budget. There is not expected to be any expenditure funded from the cremator replacement reserve in 2009/10. Expenditure funded from the repairs reserve is forecast to be £6,600, though this doesn't feature in the Income and Expenditure Revenue Account.

## **Recommendations and reasons**

10 It is recommended that:-

- Members note the April to September 2009 Revenue spend financial monitoring report and associated forecasts in terms of the outturn position 2009/10; and
- Quarterly reports continue to be submitted to Members for consideration, in line with the Forward Plan.

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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