

## **Mountsett Crematorium Joint Committee**



**3 October 2014**

**Financial Monitoring Report – Position at 31/08/14, with Projected Outturn to 31/03/15**



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**Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and 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 2014 to 31 August 2014, together with the provisional outturn position for 2014/15, and 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 2014 and forecast outturn position of reserves at 31 March 2015, taking into account the provisional financial outturn.

### **Background**

3. 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**

4. Budgetary control reports, incorporating outturn projections, are considered by Neighbourhood Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers monthly budgetary control reports, with quarterly reports being considered by Cabinet / Overview and Scrutiny Committee. The surplus distribution outturn projections for the Mountsett Crematorium are included within this report.
5. The figures contained within this report have been extracted from the General Ledger, and are provisional at this stage, they have been scrutinised and supplemented with information supplied by the Bereavement Services Manager and the Assistant Superintendent & Registrar. The following table highlights the provisional outturn financial performance of the Mountsett Crematorium:

<b>Subjective Analysis</b>	<b>Base Budget 2014/15 £</b>	<b>Year to Date Actuals April – August £</b>	<b>Forecast Outturn 2014/2015 £</b>	<b>Variance Over/ (Under) £</b>
Employees	123,215	46,863	119,141	(4,074)
Premises	200,350	74,042	204,363	4,013
Transport	400	146	400	0
Supplies & Services	115,765	24,958	119,351	3,586
Agency & Contracted	8,000	35	8,000	0
Central Support Costs	26,075	0	26,075	0
<b>Gross Expenditure</b>	<b>473,805</b>	<b>146,044</b>	<b>477,330</b>	<b>3,525</b>
<b>Income</b>	<b>(750,500)</b>	<b>(323,595)</b>	<b>(772,514)</b>	<b>(22,014)</b>
<b>Net Income</b>	<b>(276,695)</b>	<b>(177,551)</b>	<b>(295,183)</b>	<b>(18,488)</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	96,805	0	115,293	18,488
- General Reserve	0	0	0	0
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</b>	<b>0</b>
<b>65% Durham County Council</b>	<b>107,178</b>	<b>0</b>	<b>107,178</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>14,428</b>	<b>57,712</b>	<b>0</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2014 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2015 £</b>
Repairs Reserve	59,558	15,000	0	74,558
Cremator Reserve	363,397	115,293	(10,200)	468,490
General Reserve	214,950	10,200	0	225,150
<b>Total</b>	<b>637,905</b>	<b>140,493</b>	<b>(10,200)</b>	<b>768,198</b>

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

6. As can be seen from the table above, the projected outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £295,183 against a budgeted surplus of £276,695, (£18,488) more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:

## 6.1 *Employees*

The forecast outturn is showing an anticipated underspend of **(£4,074)** against the approved budget. The main reasons for this underspend are as follows:

- A further member of staff has been enrolled on the Institute of Cemetery and Crematorium Diploma Course. The additional costs have resulted in additional unbudgeted expenditure of **£1,965**.
- The recent appointment to the Modern Apprentice post has resulted in a saving of **£5,537**. (This is due to a change in age profile and subsequent Modern Apprentice payments applied)
- The termination of the Crematorium Assistant contract has resulted in a slight underspend to budget of **(£502)**. The outturn considers short term cover of the post via overtime worked by other employees with a new appointment in December.

## 6.2 *Premises*

An over spend of **£4,013** is projected in relation to the Crematorium premises costs. The main reasons are as follows:

- Utility costs for gas, electricity and water are anticipated to under spend against budget of **(£441)**.
- NNDR Charges for 2014/15 are **£121** more than budget.
- The replacement seating works undertaken within the chapel area are lower than budget by **(£1,507)**.
- Following an inspection of the Crematorium, redecoration works have been delayed and will now be carried out during 2015/16, resulting in a saving to budget of **(£7,500)**.
- Due to the imminent disposal of the current loaned grass cutting machine from Durham County Council, a replacement grass cutting machine totalling **£15,000**, agreed at 4 October 2013 meeting to be purchased from Reserves, will now be purchased during 2014/15.
- Improvements works to the pedestrian paved areas are lower than budgeted resulting in a saving of **(£1,660)**.

## 6.3 *Supplies and Services*

An over spend of **£3,586** is projected in relation to Supplies and Services. The reasons for this are identified below:

- The Wesley Music Annual Music and Broadband Service for 2014/15 is **£132** more than budget.

- Telephones, clothing and sundry items such as stores issues and general cleaning materials are collectively anticipated to over spend by **£1,363**.
- The projected increase in Master plan sales (reflected in a higher income and reported within the income section of the report below) has resulted in additional Master plan costs of **£1,645**.
- The projected increase in cremation numbers has resulted in additional medical referee fees of **£446**.

#### 6.4 **Income**

An additional income of **(£22,014)** is projected within the 2014/15 outturn. The reasons are as follows:

- The base budget assumes a total of 1,150 cremations during 2014/15. Taking into consideration the numbers to date along with previous years trends, it is prudently anticipated that a further 27 cremations (additional to budget) will be undertaken during the year. This results in an additional **(£17,010)** income against the base budget.
- Entries into the Book of Remembrance are projected to be higher than budget by **(£880)**.
- Miscellaneous income from vending and Organ fees etc are projected to exceed budget by **(£480)**
- Plaque sales are also projected to be higher than budget resulting in an increased income of **(£3,644)**.

#### 6.5 **Earmarked Reserves**

Contributions from the revenue surplus towards earmarked reserves are forecast to be **£18,488** additional to budget. This has resulted in a projected contribution to the Cremator Reserve of **£115,293**.

In line with the Reserve Policy (which identifies a requirement for at least a 30% provision against budgeted income), a transfer of **£10,200** from the Cremator Reserve to the General Reserve has been undertaken.

The contribution to the Repairs Reserve is in line with budget at **£15,000**.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2014 are forecast to be **£768,198**, representing a £130,293 (20%) increase over the opening position at 1 April 2014.

### **Recommendations and reasons**

7. It is recommended that:-

- Members note the April to August 2014 revenue spend financial monitoring report ,associated provisional outturn position and the forecast Crematorium earmarked reserve balances at 31 March 2015.

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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 Mountset Crematorium are included within the body of the report.

### **Staffing**

There are no staffing implications associated with this report.

### **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 and Assistant Superintendent and Registrar. 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 and Assistant Superintendent and Registrar, should mitigate the risks associated with achievement of the forecast outturn position.

### **Equality and Diversity / Public Sector Equality Duty**

There are no Equality and Diversity implications associated with this report.

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

There are no Crime and Disorder implications associated with this report.

### **Human Rights**

There are no Human Rights implications associated with this 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.

### **Procurement**

None

### **Disability Issues**

None

### **Legal Implications**

The outturn proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.

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