

## Mountsett Crematorium Joint Committee



24 April 2015

### Financial Monitoring Report – Provisional Outturn as at 31 March 2015



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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 March 2015, together with the provisional outturn position for 2014/15, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2014 and the forecast outturn position 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 outturn projections for the Mountsett Crematorium are included within this report.
5. Member should be aware that the 2014/15 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturns, the final information incorporated into the Annual Return may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.
6. The figures contained within this report have been extracted from the General Ledger and have been scrutinised and supplemented with information and market intelligence supplied by the Bereavement Services Manager. The following table highlights the

provisional outturn financial performance of the Mountsett Crematorium as at 31 March 2015:

<b>Subjective Analysis</b>	<b>Base Budget 2014/15 £</b>	<b>Year to Date Actual April – March £</b>	<b>Provisional Outturn 2014/15 £</b>	<b>Variance Over/ (Under) £</b>
Employees	123,215	114,836	119,675	(3,540)
Premises	200,350	143,657	180,730	(19,620)
Transport	400	500	546	146
Supplies & Services	115,765	(2,217)	45,618	(70,147)
Agency & Contracted	8,000	6,165	6,289	(1,711)
Central Support Costs	26,075	25,800	26,075	0
<b>Gross Expenditure</b>	<b>473,805</b>	<b>288,740</b>	<b>378,933</b>	<b>(94,872)</b>
<b>Income</b>	<b>(750,500)</b>	<b>(860,597)</b>	<b>(860,597)</b>	<b>(110,097)</b>
<b>Net Income</b>	<b>(276,695)</b>	<b>(571,857)</b>	<b>(481,664)</b>	<b>(204,969)</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	96,805	0	301,774	204,969
- 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>107,178</b>	<b>107,178</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>57,712</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	301,774	(10,200)	654,971
General Reserve	214,950	175,090	(164,890)	225,150
<b>Total</b>	<b>637,905</b>	<b>491,864</b>	<b>(175,090)</b>	<b>954,679</b>

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

7. 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 £481,664 against a budgeted surplus of £276,695, (£204,969) more than the budgeted position. This reflects a £98,337 improvement on the previously reported forecasted surplus position and is a result of the increased number of cremations to budget and a large

underspend on the environmental surcharge from CAMEO, as discussed later in this report.

8. The following section outlines the reasons for any significant variances by subjective analysis areas. Members should note that some transactions are undertaken annually at the year end and in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges and income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:

- Gas, electric and water charges not received from utility companies
- Insurance recharge from Durham County Council
- Provisions for the environmental surcharge payment to CAMEO

### 8.1 **Employees**

The outturn shows an underspend of **(£3,540)**. The reasons for this underspend are highlighted below:

- A further member of staff was enrolled on the Institute of Cemetery and Crematorium Diploma Course in year which resulted in additional unbudgeted expenditure of **£1,785**.
- 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).
- Additional National Insurance and Pension contributions of **£212**.

### 8.2 **Premises**

The outturn shows an under spend of **(£19,620)** in relation to premises costs. The reasons for this are identified below:

- Utility expenditure is expected to underspend by **(£2,013)**.
- Business Rates for 2014/15 are **£121** more than budget.
- The replacement seating works undertaken within the chapel area underspent 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)**.
- The relining of the cremator hearth was not completed in 2014/15 saving **(£2,000)**

- A replacement grass cutting machine costing **£13,995**, agreed at the 4 October 2013 meeting to be purchased from reserves, has now been purchased.
- Improvements works to the pedestrian paved areas underspent by **(£1,510)**.
- Renewal of the South Perimeter fence has been delayed until 2015/16 resulting in a saving to budget of **(£6,300)**.
- Works to tarmac the roads have underspent by **(£10,027)**
- Improvement to the catafalque doors have not been carried out this year saving **(£2,000)**.
- The Cremator reline and repairs budget overspent by **£9,149**.
- General repairs and equipment repairs under spent by **(£10,028)**.

### 8.3 **Supplies and Services**

An under spend of **(£70,147)** is projected in relation to Supplies and Services. The reasons for this are highlighted below:

- The Wesley Annual Music and Broadband Service charge for the year was **£132** more than budget.
- Telephones, clothing and sundry items such as stores issues, subscriptions and general cleaning materials are expected to underspend by **(£144)**.
- Due to the projected increase in Masterplan sales the associated costs were overspent by **£486**.
- Due to the increase in cremations (highlighted later within the income section of the report) medical referee expenditure overspent by **£2,673**.
- Equipment purchase and rental underspent by **(£6,544)**.
- The budget provisions made for the environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme have proved to be overstated. This has resulted in an under spend of **(£66,750)** in year, £38,699 of which relates to overprovision 2013/14. If the abatement charges remain at this level, the budget in 2015/16 will be £31,000 overstated and an underspend will materialise next year also.

### 8.4 **Income**

An increase in income of **(£110,097)** from the 2014/15 budget is included within the reported forecast outturn. The main reasons are detailed below:

- The outturn has taken into consideration 170 more cremations compared to budget, totalling an increased income to budget of **(£104,525)**. The outturn includes 1,320 cremations against a budget estimate of 1,150 during the 2014/15 financial year.
- Book of Remembrance entries are slightly lower than budget by **£460**.
- Miscellaneous income from vending and Organ fees etc. was higher than budget by **(£1,505)**.
- Plaque sales were also higher than budget resulting in an increased income of **(£4,527)**.

### 8.5 ***Earmarked Reserves***

Contributions to the earmarked reserves are forecast as **(£204,969)** more than originally budgeted, primarily due to the increase in cremation income during the year and the over provision of CAMEO abatement payments in the current and previous years.

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 **(£10,200)** is required as part of the Final Accounts process. This results in a net transfer to the Cremator Replacement Reserve of **£291,574** in year.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2015 are forecast to be **£729,529** along with a General Reserve of **£225,150** giving a forecast total reserves and balances position of **£954,679** at the year end.

### **Recommendations and reasons**

9. It is recommended that:-

- Members note the April 2014 to March 2015 revenue spend financial monitoring report and associated provisional outturn position as at 31 March 2015, including the forecast year end position with regards to the reserves and balances of the Joint Committee.

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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. 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.

### **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.