

## **Mountsett Crematorium Joint Committee**



**29 January 2016**

**Financial Monitoring Report – Position at 31/12/15, with Projected Outturn at 31/03/16**



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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. This report sets out details of income and expenditure in the period 1 April 2015 to 31 December 2015, together with an updated projected outturn position for 2015/16, 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 2015 and forecast outturn position at 31 March 2016, taking into account the updated financial outturn projections.

### **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. 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 outturn financial performance of the Mountsett Crematorium:

<b>Subjective Analysis</b>	<b>Base Budget 2015/16 £</b>	<b>Year to Date Actual April – December £</b>	<b>Projected Outturn 2015/16 £</b>	<b>Variance Over/ (Under) £</b>
Employees	133,198	95,311	129,667	(3,531)
Premises	212,776	180,330	309,059	96,283
Transport	600	334	600	0
Supplies & Services	121,330	66,538	85,142	(36,188)
Agency & Contracted	7,000	5,644	6,095	(905)
Central Support Costs	25,800	25,800	25,800	0
<b>Gross Expenditure</b>	<b>500,704</b>	<b>373,957</b>	<b>556,363</b>	<b>55,659</b>
<b>Income</b>	<b>(806,900)</b>	<b>(623,562)</b>	<b>(878,481)</b>	<b>(71,581)</b>
<b>Net Income</b>	<b>(306,196)</b>	<b>(249,605)</b>	<b>(322,118)</b>	<b>(15,922)</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	0	(65,000)	(80,000)
- Cremator Reserve	126,306	0	222,228	95,922
- 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>0</b>	<b>57,712</b>	<b>0</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2015 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2016 £</b>
Repairs Reserve	74,768	15,000	(80,000)	9,768
Cremator Reserve	661,621	222,228	(16,920)	866,929
General Reserve	225,150	16,920	0	242,070
<b>Total</b>	<b>961,539</b>	<b>174,148</b>	<b>(16,920)</b>	<b>1,118,767</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 £322,118 against a budgeted surplus of £306,196, (£15,922) more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:

### 6.1 **Employees**

The updated outturn projections indicate an underspend of **(£3,531)** in relation to employee costs in year. The reasons for this are:

- An underspend of **(£5,194)** is projected against the vacant cleaning post, which is being covered by Direct Services, as highlighted below in Premises related costs.
- Additional overtime not included in original budget of **£1,663** and this has been factored in to the 2016/17 budget.

### 6.2 **Premises**

The updated outturn projections indicate an overspend of **£96,283** in relation to premises costs. The reasons for this are identified below:

- Additional costs relating to the car park extension as agreed by Members at the September 2015 meeting total **£80,000** have been included in the outturn.
- The Cremator reline and repairs budget is projected to overspend by **£4,467**.
- Unbudgeted cleaning costs recharged from Direct Services, in relation to covering the vacant cleaner post, are **£6,074**.
- Miscellaneous premises budgets including general repairs and rates, are forecast to overspend by **£5,742**.

### 6.3 **Supplies and Services**

The updated outturn shows an underspend of **(£36,188)** in relation to supplies and services. The reasons for this are highlighted below:

- Telephones and sundry items are expected to be underspend by **(£2,972)**.
- It is anticipated that the Book of Remembrance calligraphy costs will be underspent by **(£1,982)**.
- Due to the projected increase in cremations (highlighted later within the income section of the report) medical referee expenditure is projected to overspend by **£1,881**.
- Equipment purchase and rental is expected to underspend by **(£3,000)**.
- The budget provision made for the environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme is overstated in the base budget and is therefore predicted to underspend by **(£30,115)**. Members will recall from the 2014/15 outturn that the CAMEO charges being incurred are less than originally anticipated. This is a matter that came to light after the 2015/16 base budget was set.

#### 6.4 **Income**

An increase in income of **(£71,581)** from the 2015/16 budget is included within the outturn. The reasons for this are identified below:

- The updated outturn projection has taken into consideration a forecast additional 114 more cremations compared to budget, totalling an increased income to budget of **(£71,820)**. The outturn allows for a total of 1,344 cremations against a budget estimate of 1,230 during the 2015/16 financial year.
- Plaque sales are projected to be lower than budget resulting in reduced income of **£2,651**
- Miscellaneous income including customer DVD's and interest received is projected to be higher than budget by **(£2,412)**.

#### 6.5 **Earmarked Reserves**

Contributions to the earmarked reserves are forecast as **(£15,922)** more than originally budgeted, primarily due to the increase in cremation income during the year, the over provision in the CAMEO abatement budget, offset by the additional costs relating to the car park extension.

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 **(£16,920)** is required at year end. This results in a net transfer to the Cremator Replacement Reserve of **£205,308** in year.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2016 are forecast to be **£876,697**, along with a General Reserve of **£242,070**, giving a forecast total reserves and balances position of **£1,118,767** at the year end.

#### **Recommendations and reasons**

7. It is recommended that:-

- Members note the April to December 2015 revenue spend financial monitoring report and the updated outturn position at 31 March 2016, including the projected 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.