

Mountsett Crematorium Joint Committee

29 April 2016

Financial Monitoring Report – Provisional Outturn as at 31 March 2016



Joint Report of Oliver Sherratt – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and Treasurer to the Joint Committee.

Purpose of the Report

1. This report sets out details of income and expenditure in the period 1 April 2015 to 31 March 2016, together with the provisional 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 final 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. Members should be aware that the 2015/16 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 supplied by the

Bereavement Services Manager. The following table highlights the provisional outturn financial performance of the Mountsett Crematorium as at 31 March 2016:

Subjective Analysis	Base Budget 2015/16 £	Year to Date Actual April- March £	Provisional Outturn 2015/16 £	Variance Over/ (Under) £
Employees	133,198	125,635	128,285	(4,913)
Premises	212,776	119,741	149,612	(63,164)
Transport	600	428	600	0
Supplies & Services	121,330	78,982	90,794	(30,536)
Agency & Contracted	7,000	5,877	5,877	(1,123)
Central Support Costs	25,800	25,800	25,800	0
Gross Expenditure	500,704	356,463	400,968	(99,736)
Income	(806,900)	(849,000)	(849,980)	(43,080)
Net Income	(306,196)	(492,537)	(449,012)	(142,816)
Transfer to Reserves				
- Repairs Reserve	15,000	0	(1,152)	(16,152)
- Cremator Reserve	126,306	0	285,274	158,968
- General Reserve	0	0	0	0
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	107,178	107,178	0
35% Gateshead Council	57,712	57,712	57,712	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2015 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2016 £
Repairs Reserve	74,768	15,000	(16,152)	73,616
Cremator Reserve	661,621	285,274	(16,920)	929,975
General Reserve	225,150	16,920	0	242,070
Total	961,539	317,194	(33,072)	1,245,661

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 £449,012 against a budgeted surplus of £306,196, (£142,816) more than the budgeted position. This compares with the previously forecast position, based on income and expenditure to 31 December, 2015, as reported to the Joint Committee in January, of 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 provisional outturn is therefore £126,894 different (more underspent) than the previous forecast.

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, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges / 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 **(£4,913)** in relation to employee costs. The reasons for this are identified below:

- The vacant cleaning post resulted in an underspend of **(£5,194)**, and was offset by additional Premises related costs detailed below.
- The training budget was not required during 2015/16 resulting in an underspend of **(£1,000)**
- Additional overtime of **£1,281** was incurred over and above the original budget.

8.2 **Premises**

The outturn shows an underspend of **(£63,164)** in relation to premises costs. The reasons for this are identified below:

- Additional costs relating to the car park extension have produced an overspend of **£16,152**. Due to the delayed start to the works, these costs are less than the £80,000 previously anticipated.
- The Cremator reline and repairs budget overspent by **£9,110**.
- Unbudgeted cleaning costs, recharged from Direct Services, in relation to covering the vacant cleaner post resulted in an overspend of **£6,074**.
- Miscellaneous premises budgets including general repairs underspent by **(£3,383)**.
- A successful appeal against the rateable value of the Crematorium, carried out by Durham County Council's rating agents, has resulted in a refund of Business Rates totalling **(£91,117)**. This was not known at the time the previous report was prepared and, together with reduced in year costs relating

to the car park extension, is the primary reason for the change in the outturn position compared to the previous reported position. The appeal reduced the rateable value of the property from 90,500 to 41,000 and was backdated to 1 April 2010. The Business Rate charge in 2016/17 will now be £20,377 compared to the approved budget of £45,000.

8.3 **Supplies and Services**

The outturn shows an underspend of **(£30,536)** in relation to supplies and services. The reasons for this are highlighted below:

- Telephones and sundry items underspent by **(£3,453)**.
- The Book of Remembrance calligraphy costs underspent by **(£2,852)**.
- The BACAS licence budget underspent by **(£1,263)**
- Due to the increase in cremations (highlighted later within the income section of the report) medical referee expenditure overspent by **£1,089**.
- Equipment purchase and rental is projected to overspend by **£4,049**.
- 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 **(£28,106)**. 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.

8.4 **Income**

An increase in income of **(£43,080)** 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 66 more cremations compared to budget, totalling an increased income to budget of **(£43,570)**. The outturn is based on a total of 1,296 cremations against a budget estimate of 1,230 during the 2015/16 financial year.
- Plaque sales were lower than budgeted resulting in reduced income of **£3,425**
- Miscellaneous income including customer DVD's and interest received is projected to be higher than budget by **(£2,935)**.

8.5 **Earmarked Reserves**

Contributions to the earmarked reserves are forecast as **(£142,816)** more than originally budgeted, primarily due to the increase in cremation income during the year, the over provision in the CAMEO abatement budget and the Business Rates

refund, offset by the additional costs relating to the car park extension, albeit lower than previously anticipated.

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 **£268,354** in year.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2016 are forecast to be **£1,003,591**, along with a General Reserve of **£242,070**, giving a forecast total reserves and balances position of **£1,245,661** at the year end.

Recommendations and reasons

9. It is recommended that:-

- Members note the April 2015 to March 2016 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2016, including the forecast year end position with regards to the reserves and balances of the Joint Committee.

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Appendix 1: Implications

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.

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.