

# **Mountsett Crematorium Joint Committee**

**27 June 2016**

## **Revenue Outturn & Joint Committees Return for the Financial Year Ended 31 March 2016**



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### **Joint Report of Oliver Sherratt – Interim Corporate Director: Neighbourhood Services; Paul Darby – Interim Corporate Director: Resources**

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#### **Purpose of the Report**

- 1 The purpose of this report is to seek approval of the Joint Committees Return (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2016. The report also includes details of the final outturn position against the approved budgets for 2015/16.

#### **Background**

- 2 The Joint Committees Return will be subject to external audit by the Joint Committee's appointed external auditors, BDO LLP and the audit will commence on 1 July 2016. Upon completion, the auditor's report will be reported to the Joint Committee and will be made available online, along with the Return.
- 3 The attached Joint Committees Return is a statutory requirement for the Mountsett Crematorium Joint Committee. Also attached for Members attention at Appendix 2 is the Balance Sheet as at 31 March 2016.

#### **Financial Outturn 2015/16**

- 4 Members will recall that regular (quarterly) budgetary control reports have been considered throughout the year, which incorporated forecast year end outturn positions. A provisional outturn report was presented to Members at the meeting of 29 April 2016.
- 5 The following table shows the final outturn position together with comparative data against the provisional outturn report considered on 29 April 2016:-

<b>Subjective Analysis</b>	<b>Base Budget 2015/16 £</b>	<b>Outturn 2015/16 £</b>	<b>Variance Over/ (Under) £</b>	<b>MEMO - Provisional Outturn [29.04.16] 2015/16 £</b>
Employees	133,198	128,286	(4,912)	128,285
Premises	212,776	151,189	(61,587)	149,612
Transport	600	505	(95)	600
Supplies & Services	121,330	88,808	(32,522)	90,794
Agency & Contracted	7,000	5,905	(1,095)	5,877
Central Support Costs	25,800	25,800	0	25,800
<b>Gross Expenditure</b>	<b>500,704</b>	<b>400,493</b>	<b>(100,211)</b>	<b>400,968</b>
<b>Income</b>	<b>(806,900)</b>	<b>(847,072)</b>	<b>(40,172)</b>	<b>(849,980)</b>
<b>Net Income</b>	<b>(306,196)</b>	<b>(446,579)</b>	<b>(140,383)</b>	<b>(449,012)</b>
<b>Transfer to / (from) Reserves</b>				
- Repairs Reserve	15,000	(1,152)	(16,152)	(1,152)
- Cremator Reserve	126,306	282,841	156,535	285,274
- General Reserve	0	0	0	0
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>57,712</b>	<b>0</b>	<b>57,712</b>
<b>65% Durham County Council</b>	<b>107,178</b>	<b>107,178</b>	<b>0</b>	<b>107,178</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	(16,152)	<b>73,616</b>
Cremator Reserve	661,621	282,841	(16,920)	<b>927,542</b>
General Reserve	225,150	181,810	(164,890)	<b>242,070</b>
<b>Total</b>	<b>961,539</b>	<b>479,651</b>	<b>(197,962)</b>	<b>1,243,228</b>

### ***The Outturn***

- 6 The final outturn position is broadly in line with the provisional outturn reported to the Joint Committee on 29 April 2016 with only a minor change (£2,433 decrease) to the overall net income for the year.
- 7 The following sections outline the reasons for significant variances by subjective analysis area (most of which was disclosed in the provisional outturn report), comparing the outturn position against the budget:-

### ***Employees***

- 7.1 The outturn shows an under spend of **(£4,912)** 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 **£1,282** was incurred over and above the original budget.

### ***Premises***

- 7.2 The outturn shows an underspend of **(£61,587)** in relation to premises costs. The reasons for this are identified below:-
- Costs relating to the car park extension have resulted in an approved overspend of **£16,152**. Due to the delayed start to the works, these costs are less than the £80,000 previously anticipated. The remaining costs will be incurred in the 2016/17 financial year.
  - 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 **£6,392**.
  - Miscellaneous premises budgets including general repairs underspent by **(£2,124)**.
  - 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)**. 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.

### ***Supplies and Services***

- 7.3 The outturn shows an under spend of **(£32,522)** in relation to supplies and services costs. The reasons for this are identified below:-
- Telephones and sundry items underspent by **(£4,350)**.
  - The Book of Remembrance calligraphy costs underspent by **(£2,852)**.
  - The BACAS licence budget underspent by **(£1,263)**
  - Equipment purchase and rental overspent by **£4,049**.

- The budget provision made for the environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme was overstated in the base budget and therefore underspent 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.

### ***Agency and Contracted***

7.4 The outturn shows an under spend of **(£1,095)** in relation to agency and contracted services costs. The reasons for this are identified below:-

- Grounds Maintenance works underspent by **(£1,695)**.
- An overspend of **£600** in relation to the External Auditors fees charged by BDO LLP during 2015/16.

### ***Income***

7.5 An increase in income of **(£40,172)** from the 2015/16 budget is included within the final outturn. The main reasons are detailed below:-

- The outturn has taken into consideration an additional 66 more cremations compared to budget, resulting in an increased income to budget of **(£40,264)**. 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 was higher than budget by **(£3,333)**.

### **Earmarked Reserves**

8 Contributions to the earmarked reserves were **(£140,383)** 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)** was required as part of the final accounts process. This resulted in a net transfer to the Cremator Replacement Reserve of **£265,921**.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2015, is **£1,001,158** along with a General Reserve of **£242,070** giving a total reserves and balances position of **£1,243,228** at the year end. This represents an in year increase of **£281,689** (approximately 29% over the balances held at 31 March 2015).

## Recommendations and Reasons

9 It is recommended that:-

- Members note the revenue outturn position as at 31 March 2016, including the year end position with regards to the reserves and balances of the Joint Committee.
- Members of the Joint Committee approve Section 1 – Governance Statement 2015/16 of the Joint Committees Return for the financial year ended 31 March 2016 (attached at Appendix 3).
- Members of the Joint Committee approve Section 2 – Accounting Statements 2015/16 of the Joint Committees Return for the financial year ended 31 March 2016 (attached at Appendix 3).
- The Chair, Clerk and Treasurer sign the Joint Committees Return for the financial year ended 31 March 2016 (attached at Appendix 3).

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## **Appendix 1: Implications**

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### **Finance**

Full details of the 2015/16 outturn financial performance of the Mountsett 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 outturn has been produced taking into consideration all spend in year and year end accounting requirements. This, together with the information supplied by the Bereavement Services Manager, should mitigate any risks with regards to challenge and review of the financial outturn position of the Joint Committee.

### **Equality and Diversity / Public Sector 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 comment/raise any detailed questions on the content of the report in advance of circulation to Members of the Mountsett Crematorium.

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

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

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## Appendix 2

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### Mountsett Crematorium Joint Committee

#### Balance Sheet as at 31<sup>st</sup> March 2016

31st March 2015 £000		31st March 2016 £000
0	Property, Plant & Equipment	0
0	Intangible Assets	0
0	Long Term Investments	0
0	Long Term Debtors	0
<b>0</b>	<b>Long Term Assets</b>	<b>0</b>
773	Short term Investments	1,010
0	Inventories	0
7	Short Term Debtors	27
237	Cash & Cash Equivalents	281
<b>1,017</b>	<b>Current Assets</b>	<b>1,318</b>
0	Short Term Borrowing	0
(55)	Short Term Creditors	(75)
0	Provisions	0
<b>(55)</b>	<b>Current Liabilities</b>	<b>(75)</b>
0	Long Term Creditors	0
0	Provisions	0
0	Long Term Borrowing	0
0	Other Long Term Liabilities	0
<b>0</b>	<b>Long Term Liabilities</b>	<b>0</b>
<b>962</b>	<b>NET ASSETS</b>	<b>1,243</b>
962	Usable Reserves	1,243
0	Unusable Reserves	0
<b>962</b>	<b>TOTAL RESERVES</b>	<b>1,243</b>