

Mountsett Crematorium Joint Committee



28 September 2016

Financial Monitoring Report – Position at 31/08/16, with Projected Outturn at 31/03/17



Joint Report of Oliver Sherratt – Interim Corporate Director: Neighbourhood Services; Paul Darby – Interim Corporate Director: Resources and Treasurer to the Joint Committee.

Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2016 to 31 August 2016, together with the provisional outturn position for 2016/17, 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 2016 and forecast outturn position at 31 March 2017, 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. 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:

Subjective Analysis	Base Budget 2016/17 £	Year to Date Actual April – August £	Probable Outturn 2016/17 £	Variance Over/ (Under) £
Employees	141,717	45,193	138,861	(2,856)
Premises	166,790	141,995	206,421	39,631
Transport	600	136	600	0
Supplies & Services	89,820	23,804	101,368	11,548
Agency & Contracted	7,100	4,421	7,295	195
Central Support Costs	26,100	0	26,100	0
Gross Expenditure	432,127	215,549	480,645	48,518
Income	(878,000)	(405,947)	(1,008,070)	(130,070)
Net Income	(445,873)	(190,398)	(527,425)	(81,552)
Transfer to (from) Reserves				
- Repairs Reserve	15,000	0	(49,246)	(64,246)
- Cremator Reserve	265,983	0	411,781	145,798
- General Reserve	0	0	0	0
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	26,795	107,178	0
35% Gateshead Council	57,712	14,428	57,712	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2016 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2017 £
Repairs Reserve	73,616	15,000	(64,246)	24,370
Cremator Reserve	927,542	411,781	(21,330)	1,317,993
General Reserve	242,070	21,330	0	263,400
Total	1,243,228	448,111	(85,576)	1,605,763

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 £527,425 against a budgeted surplus of £445,873, (£81,552) more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:

6.1 **Employees**

The outturn shows an underspend of **(£2,856)** in relation to employee costs. The reasons for this are identified below:

- An underspend of **(£2,856)** is projected for the vacant period relating to the Business Admin Apprentice post.

6.2 **Premises**

The outturn shows an overspend of **£39,631** in relation to premises costs. The reasons for this are identified below:

- Major repairs are projected to overspend by **£5,010**, mainly due to additional spend on the road and car park resurfacing budget.
- A successful appeal against the rateable value of the Crematorium last year has resulted in a revised Business Rate charge in 2016/17 of £20,377 compared to the budget of £45,000, a saving of **(£24,623)**.
- Costs relating to the car park extension have resulted in an approved overspend of **£64,246**
- Gas charges are projected to underspend by **(£5,002)** due to falling gas prices.

6.3 **Supplies and Services**

The outturn shows an overspend of **£11,548** in relation to supplies and services. The reasons for this are highlighted below:

- General and sundry items are expected to be overspend by **£1,673**.
- It is anticipated that the Book of Remembrance calligraphy costs will be overspent by **£1,000**.
- Due to the projected increase in cremations medical referee expenditure is projected to overspend by **£3,135**.
- The environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme is predicted to overspend by **£5,740**, again due to the increase in cremation numbers.

6.4 **Income**

An increase in income of **(£130,070)** from the 2016/17 budget is included within the outturn. The reasons for this are identified below:

- The updated outturn projection has taken into consideration a forecast additional 190 more cremations compared to budget, totalling an increased income to budget of **(£123,500)**. The outturn allows for a total of 1,490 cremations against a budget estimate of 1,300 during the 2016/17 financial year.

- Miscellaneous income is projected to be higher than budget by **(£2,714)**.
- Book of Remembrance and Memorial Plaque income is forecast to be **(£3,857)** higher than budget.

6.5 ***Earmarked Reserves***

Contributions to the earmarked reserves are forecast as **(£81,552)** more than originally budgeted, primarily due to the increase in cremation income during the year.

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 **(£21,330)** is required in year. This results in a net transfer to the Cremator Replacement Reserve of **£390,451**.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2016 are forecast to be **£1,342,363**, along with a General Reserve of **£263,400**, giving a forecast total reserves and balances position of **£1,605,763** at the year end.

Recommendations and reasons

7. It is recommended that:

- Members note the April to August 2016 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2017, including the projected 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 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 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.