

Mountsett Crematorium Joint Committee

28 April 2017

Financial Monitoring Report – Provisional Outturn as at 31 March 2017



Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – 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 2016 to 31 March 2017, 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 final position at 31 March 2017, 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 Regeneration and Local Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers regular 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 2016/17 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:

Subjective Analysis	Base Budget 2016/17 £	Year to Date Actual April – March £	Provisional Outturn 2016/17 £	Variance Over/ (Under) £
Employees	141,717	134,557	134,557	(7,160)
Premises	166,790	208,829	261,078	94,288
Transport	600	637	637	37
Supplies & Services	89,820	84,096	96,627	6,807
Agency & Contracted	7,100	8,684	8,684	1,584
Central Support Costs	26,100	26,100	26,100	0
Gross Expenditure	432,127	462,903	527,683	95,556
Income	(878,000)	(975,343)	(975,643)	(97,643)
Net Income	(445,873)	(512,440)	(447,960)	(2,087)
Transfer to (from) Reserves				
- Repairs Reserve	15,000	0	(49,246)	(64,246)
- Cremator Reserve	265,983	0	310,986	45,003
- General Reserve	0	0	21,330	21,330
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 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	310,986	0	1,238,528
General Reserve	242,070	21,330	0	263,400
Total	1,243,228	347,316	(64,246)	1,526,298

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 £447,960 against a budgeted surplus of £445,873, (£2,087) more than the budgeted position.
8. This compares with the previously forecast position, based on income and expenditure to 31 December 2016, as reported to the Joint Committee on 30 January 2017, of a surplus (before transfers to reserves and distribution of surpluses to the partner

authorities) of £467,935 against a budgeted surplus of £445,873, (£22,062) more than the budgeted position. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:

- Employee costs are (£229) lower than projected at quarter 3
- Premises costs are £52,727 higher than projected due mainly to the commencement of the replacement cremators and crematorium extension feasibility works
- Transport costs are £37 higher than projected
- General Supplies and Service costs are £4,773 higher than projected
- Agency and Contracted Services are £365 higher than projected
- Income is (£37,698) higher than projected due mainly to the additional cremations in the final quarter

9. 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 yet received from utility companies
- Medical Referee fees for the final quarter
- CAMEO surcharge for the final quarter

9.1 **Employees**

The outturn shows an underspend of (£7,160) in relation to employee costs. The reasons for this are identified below:

- The vacant period of the Business Admin Apprentice post has resulted in an underspend of (£6,160).
- The staff training budget was not required during 2016-17 resulting in an underspend of (£1,000).

9.2 **Premises**

The outturn shows an overspend of £94,288 in relation to premises costs. The reasons for this are identified below:

- The Cremator repairs budget overspent by £7,245 due to necessary Cremator repairs in year.
- 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. These works were approved by the Joint Committee in

2015/16 but were slipped into 2016/17 and have been funded by the repairs reserve.

- Utility charges are projected to underspend by **(£4,874)** mainly due to falling gas prices.
- Miscellaneous premises budgets including general repairs overspent by **£3,574**.
- Feasibility costs relating to the replacement cremators and crematorium extension works have resulted in a spend of **£48,720** in 2016/17. The ongoing costs of the project will be reported to Members throughout the coming year, shown against the revised project budget which was reported at the January 2017 meeting.

9.3 **Supplies and Services**

The outturn shows an overspend of **£6,807** in relation to supplies and services. The reasons for this are highlighted below:

- General and sundry items are expected to be underspent by **(£352)**.
- The Book of Remembrance calligraphy costs will be overspent by **£737**.
- Due to the increase in cremations, medical referee expenditure is projected to overspend by **£2,294**.
- The environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme is predicted to overspend by **£4,128**, again due to the increase in cremation numbers.

9.4 **Income**

An increase in income of **(£97,643)** from the 2016/17 budget is included within the provisional outturn. The reasons for this are identified below:

- The provisional outturn has taken into consideration an additional 139 cremations compared to budget, totalling excess income to budget of **(£90,295)**. The outturn is based on a total of 1,439 cremations against a budget estimate of 1,300 during 2016/17.
- Miscellaneous income is projected to be higher than budget by **(£2,704)**.
- Book of Remembrance and Memorial Plaque income were **(£4,644)** higher than budget.

10. **Earmarked Reserves**

Contributions to the earmarked reserves are forecast to be **(£2,087)** more than originally budgeted, mainly due to the increase in cremation income during the year, offset by the car park extension costs and the cremator replacement feasibility costs.

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 **£310,986** in year.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2017 are forecast to be **£1,262,898**, along with a General Reserve of **£263,400**, giving a forecast total reserves and balances position of **£1,526,298** at the year end.

Recommendations and reasons

11. It is recommended that:-

- Members note the 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 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.