

## **Mountsett Crematorium Joint Committee**

**27 June 2017**

**Revenue Outturn & Joint Committees  
Annual Return for the Financial Year Ended  
31 March 2017**



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**Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – Corporate Director: Resources and Treasurer to the Joint Committee.**

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### **Purpose of the Report**

1. The purpose of this report is to seek approval of the Joint Committees Annual Return (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2017. This report also includes details of the final outturn position against the approved budgets for 2016/17.

### **Background**

2. The Joint Committees Annual Return will be subject to external audit by the Joint Committee's appointed external auditors, Mazars LLP and the audit will commence on 5 July 2017. 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 Annual Return is not compulsory requirement for the Mountsett Crematorium Joint Committee but is good practice. Also attached for Members attention at Appendix 2 is the Balance Sheet as at 31 March 2017.

### **Financial Outturn 2016/17**

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 28 April 2017.
5. The following table shows the final outturn position together with comparative data against the provisional outturn report considered on 28 April 2017.

<b>Subjective Analysis</b>	<b>Base Budget 2016/17 £</b>	<b>Outturn 2016/17 £</b>	<b>Variance Over/ (Under) £</b>	<b>MEMO – Provisional Outturn (28.04.17) 2016/17 £</b>
Employees	141,717	134,557	(7,160)	134,557
Premises	166,790	261,983	95,193	261,078
Transport	600	637	37	637
Supplies & Services	89,820	97,354	7,534	96,627
Agency & Contracted	7,100	8,703	1,603	8,684
Central Support Costs	26,100	26,100	0	26,100
<b>Gross Expenditure</b>	<b>432,127</b>	<b>529,334</b>	<b>97,207</b>	<b>527,683</b>
<b>Income</b>	<b>(878,000)</b>	<b>(974,250)</b>	<b>(96,250)</b>	<b>(975,643)</b>
<b>Net Income</b>	<b>(445,873)</b>	<b>(444,916)</b>	<b>957</b>	<b>(447,960)</b>
<b>Transfer to (from) Reserves</b>				
- Repairs Reserve	15,000	(49,246)	(64,246)	(49,246)
- Cremator Reserve	265,983	307,942	41,959	310,986
- General Reserve	0	21,330	21,330	21,330
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>(164,890)</b>	<b>(164,890)</b>	<b>(164,890)</b>
<b>65% Durham County Council</b>	<b>107,178</b>	<b>107,178</b>	<b>107,178</b>	<b>107,178</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>57,712</b>	<b>57,712</b>	<b>57,712</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2016 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2017 £</b>
Repairs Reserve	73,616	15,000	(64,246)	24,370
Cremator Reserve	927,542	307,942	0	1,235,484
General Reserve	242,070	21,330	0	263,400
<b>Total</b>	<b>1,243,228</b>	<b>344,272</b>	<b>(64,246)</b>	<b>1,523,254</b>

### Explanation of Significant Variances between Original Budget and Forecast Outturn

- The final outturn position is broadly in line with the provisional outturn reported to the Joint Committee on 28 April 2017 with only minor changes across a number of budget levels at the final outturn (£3,044 decrease) to the overall net income for the year.
- The following section outlines 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.

### 7.1 **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)**.

### 7.2 **Premises**

The outturn shows an overspend of **£95,193** 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 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 underspent by **(£4,760)** mainly due to falling gas prices.
- Miscellaneous premises budgets including general repairs overspent by **£4,365**.
- 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.

### 7.3 **Supplies and Services**

The outturn shows an overspend of **£7,534** in relation to supplies and services. The reasons for this are highlighted below:

- General and sundry items overspent by **£425**.
- The Book of Remembrance calligraphy costs overspent by **£737**.
- Due to the increase in cremations, medical referee expenditure overspent by **£2,244**.

- The environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme overspent by **£4,128**, again due to the increase in cremation numbers.

#### 7.4 **Income**

An increase in income of **(£96,250)** from the 2016/17 budget is included within the final outturn. The reasons for this are identified below:

- The final 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 1,439 cremations against a budget estimate of 1,300 during 2016/17.
- Miscellaneous income including customer DVD's and interest received was higher than budget by **(£1,311)**.
- Book of Remembrance and Memorial Plaque income were **(£4,644)** higher than budget.

#### 8. **Earmarked Reserves**

Contributions to the earmarked reserves were **£957** less than originally budgeted, primarily 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)** was required as part of the final accounts process. This resulted in a net transfer to the Cremator Replacement Reserve of **£307,942**.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2017 is **£1,259,854**, along with a General Reserve of **£263,400**, giving a total reserves and balances position of **£1,523,254** at the year end. This represents an in year increase of **£280,026** (approximately 23% over the balances held at 31 March 2016).

#### **Recommendations and reasons**

9. It is recommended that:-

- Members note the revenue outturn position as at 31 March 2017, including the year end position with regards to the reserves and balances of the Joint Committee.
- Members of the Joint Committee approve Section 1 – Annual Governance Statement 2016/17 of the Joint Committees Annual Return for the financial year ended 31 March 2017 (attached at Appendix 3).
- Members of the Joint Committee approve Section 2 – Accounting Statements 2016/17 of the Joint Committees Annual Return for the financial year ended 31 March 2017 (attached at Appendix 3).

- The Chair, Clerk and Treasurer sign the Joint Committees Annual Return for the financial year ended 31 March 2017 (attached at Appendix 3).

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## **Appendix 1: Implications**

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### **Finance**

Full details of the 2016/17 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 regard to challenge and review of the financial outturn position of the Joint Committee.

### **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.

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**Appendix 2**


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**Mountsett Crematorium Joint Committee**
**Balance Sheet as at 31<sup>st</sup> March 2017**

31st March 2016 £000		31st March 2017 £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>
1,010	Short term Investments	1,010
0	Inventories	0
27	Short Term Debtors	17
281	Cash & Cash Equivalents	586
<b>1,318</b>	<b>Current Assets</b>	<b>1,613</b>
0	Short Term Borrowing	0
(75)	Short Term Creditors	(90)
0	Provisions	0
<b>(75)</b>	<b>Current Liabilities</b>	<b>(90)</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>1,243</b>	<b>NET ASSETS</b>	<b>1,523</b>
1,243	Usable Reserves	1,523
0	Unusable Reserves	0
<b>1,243</b>	<b>TOTAL RESERVES</b>	<b>1,523</b>