

## **Mountsett Crematorium Joint Committee**



**29 September 2017**

**Financial Monitoring Report – Position at 31/08/17, with Projected Outturn at 31/03/18**



---

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

---

### **Purpose of the Report**

1. This report sets out details of income and expenditure in the period 1 April 2017 to 31 August 2017, together with the forecast outturn position for 2017/18, 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 2017 and forecast outturn position at 31 March 2018, 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 Regeneration and Local Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers quarterly budgetary control reports, with quarterly reports also 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:

<b>Subjective Analysis</b>	<b>Base Budget 2017/18 £</b>	<b>Year to Date Actual April – August £</b>	<b>Probable Outturn 2017/18 £</b>	<b>Variance Over/ (Under) £</b>
Employees	147,144	56,136	140,898	(6,246)
Premises	145,200	47,734	117,200	(28,000)
Transport	600	226	543	(57)
Supplies & Services	92,870	14,475	93,638	768
Agency & Contracted	7,100	2,190	3,490	(3,610)
Central Support Costs	27,450	0	27,450	0
<b>Gross Expenditure</b>	<b>420,364</b>	<b>120,761</b>	<b>383,218</b>	<b>(37,146)</b>
<b>Income</b>	<b>(881,000)</b>	<b>(368,102)</b>	<b>(932,048)</b>	<b>(51,048)</b>
<b>Net Income</b>	<b>(460,636)</b>	<b>(247,341)</b>	<b>(548,830)</b>	<b>(88,194)</b>
<b>Transfer to (from) Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	280,746	0	368,940	88,194
- General Reserve	0	0	0	0
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</b>	<b>0</b>
<b>65% Durham County Council</b>	<b>107,178</b>	<b>53,590</b>	<b>107,178</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>28,856</b>	<b>57,712</b>	<b>0</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2017 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2018 £</b>
Repairs Reserve	(24,370)	(15,000)	0	(39,370)
Cremator Reserve	(1,235,484)	(368,940)	1,604,424	0
General Reserve	(263,400)	(165,790)	164,890	(264,300)
<b>Total</b>	<b>(1,523,254)</b>	<b>(549,730)</b>	<b>1,769,314</b>	<b>(303,670)</b>

### 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 £548,830 against a budgeted surplus of £460,636, (£88,194) 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 **(£6,246)** in relation to employee costs. The reasons for this are identified below:

- The Business Admin Apprentice costs are lower than budgeted due to the age of the year 1 apprentice, resulting in a projected underspend of **(£6,246)**.

### 6.2 **Premises**

The outturn shows an underspend of **(£28,000)** in relation to premises costs. The reasons for this are identified below:

- The installation of air conditioning budget will not be required as the costs will be incorporated within the cremator replacement capital works, resulting in an underspend of **(£15,000)**.
- The replacement of carpets to the office area budget will not be required as these costs will also be incorporated within the cremator replacement capital works, resulting in an underspend of **(£10,000)**.
- Cremator servicing and repairs are forecast to underspend by **(£3,000)** due to the old cremators being replaced during the year.

### 6.3 **Supplies and Services**

The outturn shows an overspend of **£768** in relation to supplies and services. The reasons for this are highlighted below:

- Other general office costs such as printing and telephone costs are expected to be underspent by **(£1,289)**.
- It is anticipated that the Book of Remembrance calligraphy costs will be underspent by **(£500)**.
- Due to the projected numbers of cremations and a back dated payment from 2015, medical referee expenditure is projected to overspend by **£2,557**.

### 6.4 **Agency & Contracted**

The outturn shows an underspend of **(£3,610)** in relation to agency and contracted services. The reasons for this are highlighted below:

- Environmental Protection Act testing will not need to be carried out due to the cremators being replaced, resulting in a underspend of **(£3,610)**

### 6.5 **Income**

An increase in income of **(£51,048)** from the 2017/18 budgeted position is included within the outturn. The reasons for this are identified below:

- The updated outturn projection has taken into consideration a forecast additional 72 more cremations compared to budget, totalling an over-achievement in the income budget of **(£46,800)**. The outturn allows for a total of 1,372 cremations against a budget estimate of 1,300 during the 2017/18 financial year.
- Book of Remembrance and Memorial Plaque income is forecast to be **(£4,248)** higher than budget.

#### 6.5 ***Earmarked Reserves***

Following the budget setting in January 2017, the cremator replacement and extension works are now scheduled to be completed this year and therefore contributions from earmarked reserves of **£1,603,524** are forecast to fund these works.

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 **(£900)** is required in year. This results in a net transfer from the Cremator Replacement Reserve of **£1,235,484**.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2017 are forecast to be **£39,370**, along with a General Reserve of **£264,300**, giving a forecast total reserves and balances position of **£303,670** at the year end.

#### **Recommendations and reasons**

7. It is recommended that:-

- Members note the April to August 2017 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2018, including the projected year end position with regards to the reserves and balances of the Joint Committee.

---

**Contact(s): Paul Darby 03000 261930**  
**Ed Thompson 03000 263481**

---

---

## **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.